

SUNGARD DATA SYSTEMS INC

Form 10-Q

November 06, 2009

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**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2009**

**OR**

**Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file numbers:**

|                           |           |
|---------------------------|-----------|
| SunGard Capital Corp.     | 000-53653 |
| SunGard Capital Corp. II  | 000-53654 |
| SunGard Data Systems Inc. | 1-12989   |

**SunGard® Capital Corp.  
SunGard® Capital Corp. II  
SunGard® Data Systems Inc.**

**(Exact name of registrant as specified in its charter)**

|   |  |
|---|--|
| <b>Delaware</b>   | <b>20-3059890</b>                            |
| <b>Delaware</b>   | <b>20-3060101</b>                            |
| <b>Delaware</b>   | <b>51-0267091</b>                            |
| <b>(State or other jurisdiction of<br/>incorporation or organization)</b> | <b>(IRS Employer<br/>Identification No.)</b> |
| <b>680 East Swedesford Road, Wayne, Pennsylvania 19087</b>                |  |
| <b>(Address of principal executive offices, including zip code)</b>       |  |
| <b>484-582-2000</b>   |  |
| <b>(Registrants telephone number, including area code)</b>                |  |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

|                           |                              |                             |
|---------------------------|------------------------------|-----------------------------|
| SunGard Capital Corp.     | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| SunGard Capital Corp. II  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| SunGard Data Systems Inc. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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|                           |                           |                          |
|---------------------------|---------------------------|--------------------------|
| SunGard Capital Corp.     | Yes <input type="radio"/> | No <input type="radio"/> |
| SunGard Capital Corp. II  | Yes <input type="radio"/> | No <input type="radio"/> |
| SunGard Data Systems Inc. | Yes <input type="radio"/> | No <input type="radio"/> |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

SunGard Capital Corp.

|   |   |  |   |
|---|---|--|---|
| Large accelerated filer <input type="radio"/> | Accelerated filer <input type="radio"/> | Non-accelerated filer <input type="radio"/> .<br>(Do not check if a smaller reporting company) | Smaller reporting company <input type="radio"/> |
|---|---|--|---|

SunGard Capital Corp.II

|   |   |  |   |
|---|---|--|---|
| Large accelerated filer <input type="radio"/> | Accelerated filer <input type="radio"/> | Non-accelerated filer <input type="radio"/> .<br>(Do not check if a smaller reporting company) | Smaller reporting company <input type="radio"/> |
|---|---|--|---|

SunGard Data Systems Inc.

|   |   |  |   |
|---|---|--|---|
| Large accelerated filer <input type="radio"/> | Accelerated filer <input type="radio"/> | Non-accelerated filer <input type="radio"/> .<br>(Do not check if a smaller reporting company) | Smaller reporting company <input type="radio"/> |
|---|---|--|---|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

|                           |                           |                          |
|---------------------------|---------------------------|--------------------------|
| SunGard Capital Corp.     | Yes <input type="radio"/> | No <input type="radio"/> |
| SunGard Capital Corp. II  | Yes <input type="radio"/> | No <input type="radio"/> |
| SunGard Data Systems Inc. | Yes <input type="radio"/> | No <input type="radio"/> |

The number of shares of the registrant's common stock outstanding as of September 30, 2009:

|                           |  |
|---------------------------|--|
| SunGard Capital Corp.     | 254,801,732 shares of Class A common stock and 28,311,258 shares of Class L common stock |
| SunGard Capital Corp. II  | 100 shares of common stock (100% owned by SunGard Capital Corp.)                         |
| SunGard Data Systems Inc. | 100 shares of common stock   |

**SunGard Capital Corp.  
SunGard Capital Corp. II  
SunGard Data Systems Inc.  
And Subsidiaries  
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**Part I. FINANCIAL INFORMATION**

Explanatory Note

This Form 10-Q is a combined quarterly report being filed separately by three registrants: SunGard Capital Corp. ( SCC ), SunGard Capital Corp. II ( SCCII ) and SunGard Data Systems Inc. ( SunGard ). SCC and SCC II are collectively referred to as the Parent Companies . Unless the context indicates otherwise, any reference in this report to the Company, we, us and our refer to the Parent Companies together with their direct and indirect subsidiaries, including SunGard. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

**Table of Contents****Item 1. Financial Statements**

**SunGard Capital Corp.**  
**Consolidated Balance Sheets**  
(In millions except share and per-share amounts)  
(Unaudited)

|  | December<br>31,<br>2008 | September<br>30,<br>2009 |
|--|-------------------------|--------------------------|
| <b>Assets</b>  |                         |                          |
| Current:   |                         |                          |
| Cash and cash equivalents  | \$ 975                  | \$ 479                   |
| Trade receivables, less allowance for doubtful accounts of \$15 and \$69             | 701                     | 855                      |
| Earned but unbilled receivables  | 81                      | 188                      |
| Prepaid expenses and other current assets  | 122                     | 148                      |
| Clearing broker assets   | 309                     | 376                      |
| Retained interest in accounts receivable sold  | 285                     |                          |
| Deferred income taxes  | 22                      | 8                        |
| <b>Total current assets</b>  | <b>2,495</b>            | <b>2,054</b>             |
| Property and equipment, less accumulated depreciation of \$689 and \$887             | 898                     | 932                      |
| Software products, less accumulated amortization of \$793 and \$1,021                | 1,159                   | 1,080                    |
| Customer base, less accumulated amortization of \$668 and \$885                      | 2,616                   | 2,361                    |
| Other tangible and intangible assets, less accumulated amortization of \$29 and \$24 | 207                     | 205                      |
| Trade name   | 1,075                   | 1,026                    |
| Goodwill   | 7,328                   | 7,434                    |
| <b>Total Assets</b>  | <b>\$ 15,778</b>        | <b>\$ 15,092</b>         |
| <b>Liabilities and Equity</b>  |                         |                          |
| Current:   |                         |                          |
| Short-term and current portion of long-term debt                                     | \$ 322                  | \$ 57                    |
| Accounts payable   | 87                      | 96                       |
| Accrued compensation and benefits  | 314                     | 262                      |
| Accrued interest expense   | 159                     | 94                       |
| Other accrued expenses   | 409                     | 389                      |
| Clearing broker liabilities  | 310                     | 358                      |
| Deferred revenue   | 977                     | 972                      |
| <b>Total current liabilities</b>   | <b>2,578</b>            | <b>2,228</b>             |
| Long-term debt   | 8,553                   | 8,287                    |
| Deferred income taxes  | 1,595                   | 1,487                    |
| <b>Total liabilities</b>   | <b>12,726</b>           | <b>12,002</b>            |

## Commitments and contingencies

|   |                  |                  |
|---|------------------|------------------|
| Noncontrolling interest in preferred stock of SCCII (held by management subject to a put option for death or disability)  | 60               | 47               |
| Class L common stock held by management subject to a put option for death or disability   | 111              | 85               |
| Class A common stock held by management subject to a put option for death or disability   | 12               | 10               |
| Stockholders' equity:   |                  |                  |
| Class L common stock, convertible, par value \$.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of \$3,612 million and \$4,005 million; 50,000,000 shares authorized, 28,472,965 and 28,552,325 shares issued |                  |                  |
| Class A common stock, par value \$.001 per share; 550,000,000 shares authorized, 256,260,680 and 256,975,139 shares issued  |                  |                  |
| Capital in excess of par value  | 2,613            | 2,670            |
| Treasury stock, 208,071 and 241,067 shares of Class L common stock; and 1,873,932 and 2,173,407 shares of Class A common stock  | (24)             | (27)             |
| Accumulated deficit   | (912)            | (1,125)          |
| Accumulated other comprehensive loss  | (219)            | (118)            |
| Total SunGard Capital Corp. stockholders' equity  | 1,458            | 1,400            |
| Noncontrolling interest in preferred stock of SCCII   | 1,411            | 1,548            |
| Total equity  | 2,869            | 2,948            |
| <b>Total Liabilities and Equity</b>   | <b>\$ 15,778</b> | <b>\$ 15,092</b> |

The accompanying notes are an integral part of these consolidated financial statements.



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**SunGard Capital Corp.**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|--|---------------------------|-------------|--------------------------|-------------|
|  | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|  | <b>2008</b>               | <b>2009</b> | <b>2008</b>              | <b>2009</b> |
| Revenue:   |                           |             |                          |             |
| Services   | \$ 1,267                  | \$ 1,198    | \$ 3,679                 | \$ 3,687    |
| License and resale fees                                      | 78                        | 93          | 235                      | 236         |
| Total products and services                                  | 1,345                     | 1,291       | 3,914                    | 3,923       |
| Reimbursed expenses  | 49                        | 46          | 139                      | 118         |
|  | 1,394                     | 1,337       | 4,053                    | 4,041       |
| Costs and expenses:  |                           |             |                          |             |
| Cost of sales and direct operating                           | 728                       | 642         | 2,024                    | 2,038       |
| Sales, marketing and administration                          | 245                       | 262         | 815                      | 792         |
| Product development  | 84                        | 77          | 241                      | 225         |
| Depreciation and amortization                                | 70                        | 74          | 207                      | 215         |
| Amortization of acquisition-related intangible assets        | 131                       | 150         | 361                      | 404         |
| Merger costs   |                           |             |                          | 1           |
|  | 1,258                     | 1,205       | 3,648                    | 3,675       |
| Income from operations                                       | 136                       | 132         | 405                      | 366         |
| Interest income  | 4                         | 5           | 13                       | 6           |
| Interest expense and amortization of deferred financing fees | (142)                     | (165)       | (433)                    | (471)       |
| Other income (expense)                                       | (24)                      | (15)        | (49)                     | 6           |
| Loss before income taxes                                     | (26)                      | (43)        | (64)                     | (93)        |
| Benefit from (provision for) income taxes                    | (7)                       | 3           | 11                       | 12          |
| Net loss   | (33)                      | (40)        | (53)                     | (81)        |
| Income attributable to the noncontrolling interest           | (39)                      | (46)        | (117)                    | (132)       |
| Net loss attributable to SunGard Capital Corp                | \$ (72)                   | \$ (86)     | \$ (170)                 | \$ (213)    |

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Capital Corp.**  
**Consolidated Statements of Cash Flows**  
(In millions)  
(Unaudited)

|   | <b>Nine Months Ended</b> |              |
|---|--------------------------|--------------|
|   | <b>September 30,</b>     |              |
|   | <b>2008</b>              | <b>2009</b>  |
| <b><i>Cash flow from operations:</i></b>                        |                          |              |
| Net loss  | \$ (53)                  | \$ (81)      |
| Reconciliation of net loss to cash flow provided by operations: |                          |              |
| Depreciation and amortization                                   | 568                      | <b>619</b>   |
| Deferred income tax benefit                                     | (91)                     | <b>(82)</b>  |
| Stock compensation expense                                      | 21                       | <b>22</b>    |
| Amortization of deferred financing costs and debt discount      | 27                       | <b>31</b>    |
| Other noncash items   | 18                       | <b>(7)</b>   |
| Accounts receivable and other current assets                    | 46                       | <b>20</b>    |
| Accounts payable and accrued expenses                           | (179)                    | <b>(138)</b> |
| Clearing broker assets and liabilities, net                     | 31                       | <b>(19)</b>  |
| Deferred revenue  |                          | <b>(1)</b>   |
| Cash flow provided by operations                                | 388                      | <b>364</b>   |
| <b><i>Investment activities:</i></b>                            |                          |              |
| Cash paid for acquired businesses, net of cash acquired         | (174)                    | <b>(12)</b>  |
| Cash paid for property and equipment and software               | (280)                    | <b>(255)</b> |
| Other investing activities                                      | 2                        | <b>3</b>     |
| Cash used in investment activities                              | (452)                    | <b>(264)</b> |
| <b><i>Financing activities:</i></b>                             |                          |              |
| Cash received from issuance of common stock                     | 3                        | <b>1</b>     |
| Cash received from issuance of preferred stock                  | 1                        | <b>1</b>     |
| Cash received from borrowings, net of fees                      | 1,326                    | <b>211</b>   |
| Cash used to repay debt   | (75)                     | <b>(814)</b> |
| Cash used to purchase treasury stock                            | (13)                     | <b>(4)</b>   |
| Other financing activities                                      | (5)                      | <b>(3)</b>   |
| Cash provided by (used in) financing activities                 | 1,237                    | <b>(608)</b> |
| Effect of exchange rate changes on cash                         | (12)                     | <b>12</b>    |
| Increase (decrease) in cash and cash equivalents                | 1,161                    | <b>(496)</b> |
| Beginning cash and cash equivalents                             | 427                      | <b>975</b>   |

|   |    |       |    |            |
|---|----|-------|----|------------|
| Ending cash and cash equivalents  | \$ | 1,588 | \$ | <b>479</b> |
| <b><i>Supplemental information:</i></b>   |    |       |    |            |
| Acquired businesses:  |    |       |    |            |
| Property and equipment  | \$ | 6     | \$ |            |
| Software products   |    | 61    |    | <b>8</b>   |
| Customer base   |    | 85    |    | <b>4</b>   |
| Goodwill  |    | 106   |    | <b>4</b>   |
| Other tangible and intangible assets  |    | 1     |    |            |
| Deferred income taxes   |    | (33)  |    | <b>(1)</b> |
| Purchase price obligations and debt assumed   |    | (19)  |    | <b>(1)</b> |
| Net current liabilities assumed   |    | (33)  |    | <b>(2)</b> |
| Cash paid for acquired businesses, net of cash acquired of \$24 and \$1, respectively | \$ | 174   | \$ | <b>12</b>  |

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Capital Corp. II**  
**Consolidated Balance Sheets**  
(In millions except share and per-share amounts)  
(Unaudited)

|  | <b>December<br/>31,<br/>2008</b> | <b>September<br/>30,<br/>2009</b> |
|--|----------------------------------|-----------------------------------|
| <b>Assets</b>  |                                  |                                   |
| Current:   |                                  |                                   |
| Cash and cash equivalents  | \$ 975                           | \$ 479                            |
| Trade receivables, less allowance for doubtful accounts of \$15 and \$69             | 701                              | 855                               |
| Earned but unbilled receivables  | 81                               | 188                               |
| Prepaid expenses and other current assets  | 122                              | 148                               |
| Clearing broker assets   | 309                              | 376                               |
| Retained interest in accounts receivable sold  | 285                              |                                   |
| Deferred income taxes  | 22                               | 8                                 |
| <b>Total current assets</b>  | <b>2,495</b>                     | <b>2,054</b>                      |
| Property and equipment, less accumulated depreciation of \$689 and \$887             | 898                              | 932                               |
| Software products, less accumulated amortization of \$793 and \$1,021                | 1,159                            | 1,080                             |
| Customer base, less accumulated amortization of \$668 and \$885                      | 2,616                            | 2,361                             |
| Other tangible and intangible assets, less accumulated amortization of \$29 and \$24 | 207                              | 205                               |
| Trade name   | 1,075                            | 1,026                             |
| Goodwill   | 7,328                            | 7,434                             |
| <b>Total Assets</b>  | <b>\$ 15,778</b>                 | <b>\$ 15,092</b>                  |
| <b>Liabilities and Stockholders Equity</b>   |                                  |                                   |
| Current:   |                                  |                                   |
| Short-term and current portion of long-term debt                                     | \$ 322                           | \$ 57                             |
| Accounts payable   | 87                               | 96                                |
| Accrued compensation and benefits  | 314                              | 262                               |
| Accrued interest expense   | 159                              | 94                                |
| Other accrued expenses   | 399                              | 390                               |
| Clearing broker liabilities  | 310                              | 358                               |
| Deferred revenue   | 977                              | 972                               |
| <b>Total current liabilities</b>   | <b>2,568</b>                     | <b>2,229</b>                      |
| Long-term debt   | 8,553                            | 8,287                             |
| Deferred income taxes  | 1,595                            | 1,486                             |
| <b>Total liabilities</b>   | <b>12,716</b>                    | <b>12,002</b>                     |

## Commitments and contingencies

|  |                  |                  |
|--|------------------|------------------|
| Preferred stock held by management subject to a put option for death or disability   | 51               | 36               |
| Stockholders' equity:  |                  |                  |
| Preferred stock, par value \$.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of \$1,444 million and \$1,578 million; 14,999,000 shares authorized, 9,856,052 and 9,883,531 issued |                  |                  |
| Common stock, par value \$.001 per share; 1,000 shares authorized, 100 shares issued and outstanding   |                  |                  |
| Capital in excess of par value   | 3,687            | 3,712            |
| Treasury stock, 72,039 and 83,464 shares   | (8)              | (10)             |
| Accumulated deficit  | (449)            | (530)            |
| Accumulated other comprehensive loss   | (219)            | (118)            |
| Total stockholders' equity   | 3,011            | 3,054            |
| <b>Total Liabilities and Stockholders' Equity</b>  | <b>\$ 15,778</b> | <b>\$ 15,092</b> |

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Capital Corp. II**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|--|---------------------------|-------------|--------------------------|-------------|
|  | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|  | <b>2008</b>               | <b>2009</b> | <b>2008</b>              | <b>2009</b> |
| Revenue:   |                           |             |                          |             |
| Services   | \$ 1,267                  | \$ 1,198    | \$ 3,679                 | \$ 3,687    |
| License and resale fees                                      | 78                        | 93          | 235                      | 236         |
| Total products and services                                  | 1,345                     | 1,291       | 3,914                    | 3,923       |
| Reimbursed expenses  | 49                        | 46          | 139                      | 118         |
|  | 1,394                     | 1,337       | 4,053                    | 4,041       |
| Costs and expenses:  |                           |             |                          |             |
| Cost of sales and direct operating                           | 728                       | 642         | 2,024                    | 2,038       |
| Sales, marketing and administration                          | 245                       | 262         | 815                      | 792         |
| Product development  | 84                        | 77          | 241                      | 225         |
| Depreciation and amortization                                | 70                        | 74          | 207                      | 215         |
| Amortization of acquisition-related intangible assets        | 131                       | 150         | 361                      | 404         |
| Merger costs   |                           |             |                          | 1           |
|  | 1,258                     | 1,205       | 3,648                    | 3,675       |
| Income from operations                                       | 136                       | 132         | 405                      | 366         |
| Interest income  | 4                         | 5           | 13                       | 6           |
| Interest expense and amortization of deferred financing fees | (142)                     | (165)       | (433)                    | (471)       |
| Other income (expense)                                       | (24)                      | (15)        | (49)                     | 6           |
| Loss before income taxes                                     | (26)                      | (43)        | (64)                     | (93)        |
| Benefit from (provision for) income taxes                    | (9)                       | 3           | 9                        | 12          |
| Net loss   | \$ (35)                   | \$ (40)     | \$ (55)                  | \$ (81)     |

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Capital Corp. II**  
**Consolidated Statements of Cash Flows**  
(In millions)  
(Unaudited)

|   | <b>Nine Months Ended</b> |                   |
|---|--------------------------|-------------------|
|   | <b>September 30,</b>     |                   |
|   | <b>2008</b>              | <b>2009</b>       |
| <b><i>Cash flow from operations:</i></b>                        |                          |                   |
| Net loss  | \$ (55)                  | \$ (81)           |
| Reconciliation of net loss to cash flow provided by operations: |                          |                   |
| Depreciation and amortization                                   | 568                      | <b>619</b>        |
| Deferred income tax benefit                                     | (91)                     | <b>(82)</b>       |
| Stock compensation expense                                      | 21                       | <b>22</b>         |
| Amortization of deferred financing costs and debt discount      | 27                       | <b>31</b>         |
| Other noncash items   | 18                       | <b>(7)</b>        |
| Accounts receivable and other current assets                    | 44                       | <b>20</b>         |
| Accounts payable and accrued expenses                           | (174)                    | <b>(138)</b>      |
| Clearing broker assets and liabilities, net                     | 31                       | <b>(19)</b>       |
| Deferred revenue  |                          | <b>(1)</b>        |
| <br>Cash flow provided by operations                            | <br>389                  | <br><b>364</b>    |
| <br><b><i>Investment activities:</i></b>                        |                          |                   |
| Cash paid for acquired businesses, net of cash acquired         | (174)                    | <b>(12)</b>       |
| Cash paid for property and equipment and software               | (280)                    | <b>(255)</b>      |
| Other investing activities                                      | 2                        | <b>3</b>          |
| <br>Cash used in investment activities                          | <br>(452)                | <br><b>(264)</b>  |
| <br><b><i>Financing activities:</i></b>                         |                          |                   |
| Cash received from issuance of preferred stock                  | 1                        | <b>1</b>          |
| Cash received from borrowings, net of fees                      | 1,326                    | <b>211</b>        |
| Cash used to repay debt   | (75)                     | <b>(814)</b>      |
| Cash used to purchase treasury stock                            | (3)                      | <b>(1)</b>        |
| Other financing activities                                      | (13)                     | <b>(5)</b>        |
| <br>Cash provided by (used in) financing activities             | <br>1,236                | <br><b>(608)</b>  |
| <br>Effect of exchange rate changes on cash                     | <br>(12)                 | <br><b>12</b>     |
| <br>Increase (decrease) in cash and cash equivalents            | <br>1,161                | <br><b>(496)</b>  |
| Beginning cash and cash equivalents                             | 427                      | <b>975</b>        |
| <br>Ending cash and cash equivalents                            | <br>\$ 1,588             | <br>\$ <b>479</b> |

**Supplemental information:**

|   |    |      |              |
|---|----|------|--------------|
| Acquired businesses:  |    |      |              |
| Property and equipment  | \$ | 6    | \$           |
| Software products   |    | 61   | <b>8</b>     |
| Customer base   |    | 85   | <b>4</b>     |
| Goodwill  |    | 106  | <b>4</b>     |
| Other tangible and intangible assets  |    | 1    |              |
| Deferred income taxes   |    | (33) | <b>(1)</b>   |
| Purchase price obligations and debt assumed   |    | (19) | <b>(1)</b>   |
| Net current liabilities assumed   |    | (33) | <b>(2)</b>   |
| Cash paid for acquired businesses, net of cash acquired of \$24 and \$1, respectively | \$ | 174  | \$ <b>12</b> |

The accompanying notes are an integral part of these consolidated financial statements.



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**SunGard Data Systems Inc.**  
**Consolidated Balance Sheets**  
(In millions except share and per-share amounts)  
(Unaudited)

|  | <b>December<br/>31,<br/>2008</b> | <b>September<br/>30,<br/>2009</b> |
|--|----------------------------------|-----------------------------------|
| <b>Assets</b>  |                                  |                                   |
| Current:   |                                  |                                   |
| Cash and cash equivalents  | \$ 975                           | \$ 479                            |
| Trade receivables, less allowance for doubtful accounts of \$15 and \$69             | 701                              | 855                               |
| Earned but unbilled receivables  | 81                               | 188                               |
| Prepaid expenses and other current assets  | 122                              | 148                               |
| Clearing broker assets   | 309                              | 376                               |
| Retained interest in accounts receivable sold  | 285                              |                                   |
| Deferred income taxes  | 22                               | 8                                 |
| <b>Total current assets</b>  | <b>2,495</b>                     | <b>2,054</b>                      |
| Property and equipment, less accumulated depreciation of \$689 and \$887             | 898                              | 932                               |
| Software products, less accumulated amortization of \$793 and \$1,021                | 1,159                            | 1,080                             |
| Customer base, less accumulated amortization of \$668 and \$885                      | 2,616                            | 2,361                             |
| Other tangible and intangible assets, less accumulated amortization of \$29 and \$24 | 207                              | 205                               |
| Trade name   | 1,075                            | 1,026                             |
| Goodwill   | 7,328                            | 7,434                             |
| <b>Total Assets</b>  | <b>\$ 15,778</b>                 | <b>\$ 15,092</b>                  |
| <b>Liabilities and Stockholder's Equity</b>  |                                  |                                   |
| Current:   |                                  |                                   |
| Short-term and current portion of long-term debt                                     | \$ 322                           | \$ 57                             |
| Accounts payable   | 87                               | 96                                |
| Accrued compensation and benefits  | 314                              | 262                               |
| Accrued interest expense   | 159                              | 94                                |
| Other accrued expenses   | 401                              | 391                               |
| Clearing broker liabilities  | 310                              | 358                               |
| Deferred revenue   | 977                              | 972                               |
| <b>Total current liabilities</b>   | <b>2,570</b>                     | <b>2,230</b>                      |
| Long-term debt   | 8,553                            | 8,287                             |
| Deferred income taxes  | 1,592                            | 1,482                             |
| <b>Total liabilities</b>   | <b>12,715</b>                    | <b>11,999</b>                     |

Commitments and contingencies

Stockholder's equity:

Common stock, par value \$.01 per share; 100 shares authorized,  
issued and outstanding

|                                      |       |              |
|--------------------------------------|-------|--------------|
| Capital in excess of par value       | 3,731 | <b>3,741</b> |
| Accumulated deficit                  | (449) | <b>(530)</b> |
| Accumulated other comprehensive loss | (219) | <b>(118)</b> |

|                            |       |              |
|----------------------------|-------|--------------|
| Total stockholder's equity | 3,063 | <b>3,093</b> |
|----------------------------|-------|--------------|

|   |                  |                  |
|---|------------------|------------------|
| <b>Total Liabilities and Stockholder's Equity</b> | <b>\$ 15,778</b> | <b>\$ 15,092</b> |
|---|------------------|------------------|

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Data Systems Inc.**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|--|---------------------------|-------------|--------------------------|-------------|
|  | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|  | <b>2008</b>               | <b>2009</b> | <b>2008</b>              | <b>2009</b> |
| Revenue:   |                           |             |                          |             |
| Services   | \$ 1,267                  | \$ 1,198    | \$ 3,679                 | \$ 3,687    |
| License and resale fees                                      | 78                        | 93          | 235                      | 236         |
| Total products and services                                  | 1,345                     | 1,291       | 3,914                    | 3,923       |
| Reimbursed expenses  | 49                        | 46          | 139                      | 118         |
|  | 1,394                     | 1,337       | 4,053                    | 4,041       |
| Costs and expenses:  |                           |             |                          |             |
| Cost of sales and direct operating                           | 728                       | 642         | 2,024                    | 2,038       |
| Sales, marketing and administration                          | 245                       | 262         | 815                      | 792         |
| Product development  | 84                        | 77          | 241                      | 225         |
| Depreciation and amortization                                | 70                        | 74          | 207                      | 215         |
| Amortization of acquisition-related intangible assets        | 131                       | 150         | 361                      | 404         |
| Merger costs   |                           |             |                          | 1           |
|  | 1,258                     | 1,205       | 3,648                    | 3,675       |
| Income from operations                                       | 136                       | 132         | 405                      | 366         |
| Interest income  | 4                         | 5           | 13                       | 6           |
| Interest expense and amortization of deferred financing fees | (142)                     | (165)       | (433)                    | (471)       |
| Other income (expense)                                       | (24)                      | (15)        | (49)                     | 6           |
| Income (loss) before income taxes                            | (26)                      | (43)        | (64)                     | (93)        |
| Benefit from (provision for) income taxes                    | (9)                       | 3           | 9                        | 12          |
| Net income (loss)  | \$ (35)                   | \$ (40)     | \$ (55)                  | \$ (81)     |

The accompanying notes are an integral part of these consolidated financial statements.

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**SunGard Data Systems Inc.**  
**Consolidated Statements of Cash Flows**  
(In millions)  
(Unaudited)

|   | <b>Nine Months Ended</b> |               |
|---|--------------------------|---------------|
|   | <b>September 30,</b>     |               |
|   | <b>2008</b>              | <b>2009</b>   |
| <b><i>Cash flow from operations:</i></b>                        |                          |               |
| Net loss  | \$ (55)                  | \$ (81)       |
| Reconciliation of net loss to cash flow provided by operations: |                          |               |
| Depreciation and amortization                                   | 568                      | <b>619</b>    |
| Deferred income tax benefit                                     | (91)                     | <b>(83)</b>   |
| Stock compensation expense                                      | 21                       | <b>22</b>     |
| Amortization of deferred financing costs and debt discount      | 27                       | <b>31</b>     |
| Other noncash items   | 18                       | <b>(7)</b>    |
| Accounts receivable and other current assets                    | 44                       | <b>20</b>     |
| Accounts payable and accrued expenses                           | (174)                    | <b>(137)</b>  |
| Clearing broker assets and liabilities, net                     | 31                       | <b>(19)</b>   |
| Deferred revenue  |                          | <b>(1)</b>    |
| <br>  |                          |               |
| Cash flow provided by operations                                | 389                      | <b>364</b>    |
| <br>  |                          |               |
| <b><i>Investment activities:</i></b>                            |                          |               |
| Cash paid for acquired businesses, net of cash acquired         | (174)                    | <b>(12)</b>   |
| Cash paid for property and equipment and software               | (280)                    | <b>(255)</b>  |
| Other investing activities                                      | 2                        | <b>3</b>      |
| <br>  |                          |               |
| Cash used in investment activities                              | (452)                    | <b>(264)</b>  |
| <br>  |                          |               |
| <b><i>Financing activities:</i></b>                             |                          |               |
| Cash received from borrowings, net of fees                      | 1,326                    | <b>211</b>    |
| Cash used to repay debt   | (75)                     | <b>(814)</b>  |
| Other financing activities                                      | (15)                     | <b>(5)</b>    |
| <br>  |                          |               |
| Cash provided by (used in) financing activities                 | 1,236                    | <b>(608)</b>  |
| <br>  |                          |               |
| Effect of exchange rate changes on cash                         | (12)                     | <b>12</b>     |
| <br>  |                          |               |
| Increase (decrease) in cash and cash equivalents                | 1,161                    | <b>(496)</b>  |
| Beginning cash and cash equivalents                             | 427                      | <b>975</b>    |
| <br>  |                          |               |
| Ending cash and cash equivalents                                | \$ 1,588                 | \$ <b>479</b> |

**Supplemental information:**

|   |    |      |              |
|---|----|------|--------------|
| Acquired businesses:  |    |      |              |
| Property and equipment  | \$ | 6    | \$           |
| Software products   |    | 61   | <b>8</b>     |
| Customer base   |    | 85   | <b>4</b>     |
| Goodwill  |    | 106  | <b>4</b>     |
| Other tangible and intangible assets  |    | 1    |              |
| Deferred income taxes   |    | (33) | <b>(1)</b>   |
| Purchase price obligations and debt assumed   |    | (19) | <b>(1)</b>   |
| Net current liabilities assumed   |    | (33) | <b>(2)</b>   |
| Cash paid for acquired businesses, net of cash acquired of \$24 and \$1, respectively | \$ | 174  | \$ <b>12</b> |

The accompanying notes are an integral part of these consolidated financial statements.

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**SUNGARD CAPITAL CORP.  
SUNGARD CAPITAL CORP. II  
SUNGARD DATA SYSTEMS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of Presentation:**

SunGard Data Systems Inc. ( SunGard ) was acquired on August 11, 2005 (the Transaction ) by a consortium of private equity investment funds associated with Bain Capital Partners, The Blackstone Group, Goldman Sachs & Co., Kohlberg Kravis Roberts & Co., Providence Equity Partners, Silver Lake and TPG (collectively, the Sponsors ). SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II ( SCCII ), which is a subsidiary of SunGard Capital Corp. ( SCC ). All of these companies were formed for the purpose of facilitating the Transaction and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company . These notes to consolidated financial statements apply to SCC, SCCII and SunGard unless otherwise noted.

The Company has four reportable segments: Financial Systems ( FS ), Higher Education ( HE ), Public Sector ( PS ) and Availability Services ( AS ). The Company s Software & Processing Solutions business is comprised of the FS, HE and PS segments. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ( GAAP ), consistent in all material respects with those applied in the Form 10-12G/A for SCC and SCCII and SunGard s Annual Report on Form 10-K for the year ended December 31, 2008. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

Subsequent events have been evaluated through November 5, 2009.

The three- and nine-month periods ended September 30, 2009 include a \$12 million favorable out-of-period adjustment to benefit from income taxes primarily related to our utilization of foreign tax credit carryforwards from a prior year. The impact of the adjustment is not material to the prior period financial statements and, as such, is being corrected in the current period.

**Recent Accounting Pronouncements**

The Financial Accounting Standard Board issued new revenue recognition guidance for arrangements with multiple deliverables. The new guidance modifies the fair value requirements for revenue recognition by providing best estimate of selling price in addition to vendor specific objective evidence, or VSOE , and vendor objective evidence, now referred to as third-party evidence, or TPE , for determining the selling price of a deliverable. Since the Company will be able to use an estimate of the selling price for the deliverables in an arrangement, all deliverables will be separate units of accounting, provided (a) a delivered item has value to the customer on a standalone basis, and (b) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the Company. As a result of the requirement to use the best estimate of the selling price when VSOE or TPE of the selling price cannot be determined, the residual method is no longer permitted. The Company is currently evaluating the impact of this revenue guidance, but would not expect the guidance to have a material impact on the consolidated financial statements.

**Table of Contents****2. Goodwill:**

The following table summarizes changes in goodwill by segment (in millions):

|  | Gross Goodwill |        |        |          |          | Goodwill Impairment |          |
|--|----------------|--------|--------|----------|----------|---------------------|----------|
|  | FS             | HE     | PS     | AS       | Total    | PS                  | Total    |
| Balance at December 31, 2008                                       | \$ 3,431       | \$ 965 | \$ 813 | \$ 2,247 | \$ 7,456 | \$ (128)            | \$ (128) |
| 2009 acquisitions  | 2              |        |        |          | 2        |                     |          |
| Adjustments related to prior year acquisitions and the Transaction | 45             | (1)    | (1)    | (11)     | 32       |                     |          |
| Effect of foreign currency translation                             | 38             |        | 7      | 27       | 72       |                     |          |
| Balance at September 30, 2009                                      | \$ 3,516       | \$ 964 | \$ 819 | \$ 2,263 | \$ 7,562 | \$ (128)            | \$ (128) |

Effective January 1, 2009, the Company shortened the remaining useful lives of certain intangible assets to reflect revisions to estimated customer attrition rates. The impact of this revision was an increase in amortization of acquisition-related intangible assets of \$9 million and \$27 million in the three and nine months ended September 30, 2009, respectively, and estimated to be approximately \$36 million on an annual basis.

Generally accepted accounting principles require the Company to perform an impairment test at least annually. This is a two step test. In step one the estimated fair value of the reporting unit is compared to its carrying value. Only if there is a deficiency (the estimated fair value is less than the carrying value) is step two required. In Step two the actual amount of the goodwill impairment is calculated by comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value is determined in the same manner as the amount of goodwill recognized in a business combination.

The Company completed step one of its annual goodwill impairment test as of July 1 for its reporting units. For each reporting unit, the fair value of the reporting unit exceeded its carrying value and, therefore, step two was not required. However there were two reporting units where the excess of estimated fair value over the carrying value of the reporting unit was 8%. The goodwill associated with these two reporting units totals \$2.1 billion at September 30, 2009.

Estimating the fair value of a reporting unit requires various assumptions including the use of projections of future cash flows and discount rates that reflect the risks associated with achieving those cash flows. The assumptions about future cash flows and growth rates are based on management's assessment of a number of factors including the reporting unit's recent performance against budget as well as performance in the market that the reporting unit serves. Discount rate assumptions are based on an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. A one percentage point decrease in the perpetual growth rate or a one percentage point increase in the discount rate would cause these two reporting units to fail the step one test and require a step two analysis, and some or all of this goodwill could be impaired.

**3. Clearing Broker Assets and Liabilities:**

Clearing broker assets and liabilities are comprised of the following (in millions):

|   | December<br>31,<br>2008 | September<br>30,<br>2009 |
|---|-------------------------|--------------------------|
| Segregated customer cash and treasury bills | \$ 148                  | \$ 157                   |
| Securities owned                            | 44                      | 51                       |
| Securities borrowed                         | 87                      | 146                      |

|   |    |     |    |     |
|---|----|-----|----|-----|
| Receivables from customers and other              |    | 30  |    | 22  |
| Clearing broker assets                            | \$ | 309 | \$ | 376 |
| Payables to customers                             | \$ | 191 | \$ | 184 |
| Securities loaned                                 |    | 47  |    | 107 |
| Customer securities sold short, not yet purchased |    | 3   |    | 22  |
| Payable to brokers and dealers                    |    | 69  |    | 45  |
| Clearing broker liabilities                       | \$ | 310 | \$ | 358 |

Segregated customer cash and treasury bills are held by the Company on behalf of customers. Clearing broker securities consist of trading and investment securities at fair market values, which are based on quoted market rates. Securities borrowed and loaned are collateralized financing transactions which are cash deposits made to or received from other broker/dealers. Receivables from and payables to customers represent amounts due or payable on cash and margin transactions.

#### **4. Debt and derivatives:**

##### ***Receivables facility***

In March 2009, SunGard entered into a syndicated three-year receivables facility. At September 30, 2009, \$259 million was drawn. It may be repaid at any time at SunGard's option and is therefore accounted for as an on-balance sheet secured borrowing. At September 30, 2009, \$722 million of accounts receivable secure the borrowings under the receivables facility.



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Under the receivables facility, SunGard is generally required to pay interest on the amount of each advance at the one month LIBOR rate (with a floor of 3%) plus 4.50% per annum. The facility is subject to a fee on the unused portion of 1.00% per annum. The receivables facility contains certain covenants, and SunGard is required to satisfy and maintain specified facility performance ratios, financial ratios and other financial condition tests.

**Credit facility**

In June 2009, SunGard amended its existing Credit Agreement ( Amended Credit Agreement ) to (a) extend the maturity date of \$2.5 billion of its dollar-denominated term loans, £40 million of pound sterling-denominated term loans, and 120 million of Euro-denominated term loans from February 2014 to February 2016, (b) reduce existing revolving credit commitments to \$829 million and extend the termination date of \$580 million of those commitments to May 2013, and (c) amend certain other provisions including those related to negative and financial covenants. As of September 30, 2009, the interest rate for the extended term loans, after adjusting for interest rate swaps, was 4.10% and for the unextended term loans, after adjusting for interest rate swaps, was 2.02%. The commitment fee on the daily unused portion of the 2013 and 2011 revolving credit commitments was 0.75% and 0.50%, respectively.

**Derivatives**

In early 2009, the Company entered into three-year interest rate swaps that expire in February 2012 for an aggregate notional amount of \$1.2 billion under which SunGard pays a stream of fixed interest payments (at 1.78%) for the term of the swap, and in turn, receives variable interest payments based on LIBOR.

The Company uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the senior secured credit facilities. Each of these swap agreements is designated as a cash flow hedge. The Company pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. The net receipt or payment from the interest rate swap agreements is included in interest expense. The Company does not enter into interest rate swaps for speculative or trading purposes. A summary of the Company's interest rate swaps follows:

| Inception                              | Maturity      | Notional Amount<br>(in millions) | Interest rate paid | Interest rate received |
|--|---------------|----------------------------------|--------------------|------------------------|
| February 2006                          | February 2011 | \$ 800                           | 5.00%              | LIBOR                  |
| January 2008                           | February 2011 | \$ 750                           | 3.17%              | LIBOR                  |
| February 2008                          | February 2010 | \$ 750                           | 2.71%              | LIBOR                  |
| January/February 2009                  | February 2012 | \$ 1,200                         | 1.78%              | LIBOR                  |
| Total / Weighted Average interest rate |               | \$ 3,500                         | 3.01%              |                        |

The fair values of interest rate swaps designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, is \$98 million and \$85 million as of December 31, 2008 and September 30, 2009, respectively.

The table below summarizes the impact of the effective portion of interest rate swaps on the balance sheets and statements of operations for the three and nine months ended September 30, 2008 and 2009 (in millions):

|  | Three months ended |        | Nine months ended  |      | Classification |
|--|--------------------|--------|--------------------|------|----------------|
|  | September 30, 2008 | 2009   | September 30, 2008 | 2009 |                |
| Gain (loss) recognized in Accumulated Other Comprehensive Loss (OCI) | \$ (3)             | \$ (4) | \$ 6               | \$ 8 | OCI            |
|  | (9)                | (22)   | (21)               | (56) |                |

Loss reclassified from  
accumulated OCI into income

Interest expense and  
amortization of  
deferred financing  
costs

The Company has no ineffectiveness related to its swap agreements.

The Company expects to reclassify in the next twelve months approximately \$93 million from accumulated other comprehensive income into earnings related to the Company's interest rate swaps based on the borrowing rates at September 30, 2009.

**Table of Contents****5. Fair Value Measurements:**

The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2009 (in millions):

|   | Fair Value Measures Using |         |         | Total  |
|---|---------------------------|---------|---------|--------|
|   | Level 1                   | Level 2 | Level 3 |        |
| <b>Assets</b>   |                           |         |         |        |
| Clearing broker assets securities owned                                       | \$ 51                     | \$      | \$      | \$ 51  |
| <b>Liabilities</b>  |                           |         |         |        |
| Clearing broker liabilities customer securities sold short, not yet purchased | \$ 22                     | \$      | \$      | \$ 22  |
| Interest rate swap agreements   |                           | 85      |         | 85     |
|   | \$ 22                     | \$ 85   | \$      | \$ 107 |

A Level 1 fair value measure is based upon quoted prices in active markets for identical assets or liabilities. A Level 2 fair value measure is based upon quoted prices for similar assets and liabilities in active markets or inputs that are observable. A Level 3 fair value measure is based upon inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

Clearing broker assets and liabilities securities owned and customer securities sold short, not yet purchased are recorded at closing exchange-quoted prices. Fair values of the interest rate swap agreements are calculated using a discounted cash flow model using observable applicable market swap rates and assumptions and are compared to market valuations obtained from brokers. During January 2009, the fair value of retained interest in accounts receivable sold (a Level 3 measurement) decreased to zero due to the termination of the Company's off-balance sheet accounts receivable securitization program.

During the third quarter of 2009, the Company recorded impairment charges of its FS customer base and software assets of \$16 million and \$10 million, respectively. These non-recurring fair value measures are classified as Level 3 in the fair value hierarchy and were valued using discounted cash flow models. The valuation inputs included estimates of future cash flows, expectations about possible variations in the amount and timing of cash flows and discount rates based on the risk-adjusted cost of capital.

The following table presents the carrying amount and estimated fair value of the Company's debt, including current portion, as of September 30, 2009 (in millions):

|                    | Carrying Value | Fair Value |
|--------------------|----------------|------------|
| Floating rate debt | \$ 4,991       | \$ 4,839   |
| Fixed rate debt    | 3,352          | 3,402      |

The fair value of the Company's floating rate and fixed rate long-term debt is primarily based on market rates.

**6. Comprehensive Income (Loss):**

Comprehensive income consists of net income (loss) adjusted for other increases and decreases affecting stockholder's equity that are excluded from the determination of net income (loss). The calculation of comprehensive income follows (in millions):

| Three Months Ended |      | Nine Months Ended |      |
|--------------------|------|-------------------|------|
| September 30,      |      | September 30,     |      |
| 2008               | 2009 | 2008              | 2009 |

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|   |    |       |    |      |    |       |    |      |
|---|----|-------|----|------|----|-------|----|------|
| Net loss  | \$ | (35)  | \$ | (40) | \$ | (55)  | \$ | (81) |
| Foreign currency translation gains (losses)         |    | (121) |    | 33   |    | (101) |    | 93   |
| Unrealized gains (losses) on derivative instruments |    | (3)   |    | (4)  |    | 6     |    | 8    |
| Comprehensive income (loss)                         | \$ | (159) | \$ | (11) | \$ | (150) | \$ | 20   |

**Table of Contents****7. Equity:**

A rollforward of SCC's equity follows:

|  | <b>SunGard Capital<br/>Corp.<br/>Shareholders</b> | <b>Noncontrolling<br/>interest</b> | <b>Total</b> |
|--|---|------------------------------------|--------------|
| Balance at December 31, 2008                                     | \$ 1,458  | \$ 1,411                           | \$ 2,869     |
| Net income   | (213)   | 131                                | (82)         |
| Stock compensation expense                                       | 22  |                                    | 22           |
| Expiration of put options due to employee terminations and other | 32  | 6                                  | 38           |
| Foreign currency translation                                     | 93  |                                    | 93           |
| Net unrealized gain (loss) on derivative instruments             | 8   |                                    | 8            |
| Balance at September 30, 2009                                    | \$ 1,400  | \$ 1,548                           | \$ 2,948     |

During the third quarter of 2009, the Company amended the terms of unvested performance awards granted prior to 2009 by (i) reducing performance targets for 2009 and 2010, (ii) reducing the number of shares that vest at the reduced targets, (iii) delayed vesting of earned shares, and, (iv) in the case of restricted stock units, increasing the length of time for distribution of vested awards. All performance award holders with the exception of executive management participated in the amendments. All amended equity awards were revalued at the modification date at the respective current fair value. There was no expense recognized in the quarter as a result of the modification.

**Table of Contents****8. Segment Information:**

The Company has four reportable segments: FS, HE and PS, which together form the Company's Software & Processing Solutions business, and AS. The Company evaluates the performance of its segments based on operating results before interest, income taxes, amortization of acquisition-related intangible assets, stock compensation and certain other costs. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. The operating results for each segment follow (in millions):

|  | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|--|-------------------------------------|----------|------------------------------------|----------|
|  | 2008                                | 2009     | 2008                               | 2009     |
| Revenue:   |                                     |          |                                    |          |
| Financial systems                                  | \$ 774                              | \$ 724   | \$ 2,171                           | \$ 2,232 |
| Higher education                                   | 128                                 | 125      | 400                                | 389      |
| Public Sector                                      | 94                                  | 103      | 307                                | 289      |
| Software & processing solutions                    | 996                                 | 952      | 2,878                              | 2,910    |
| Availability services                              | 398                                 | 385      | 1,175                              | 1,131    |
|  | \$ 1,394                            | \$ 1,337 | \$ 4,053                           | \$ 4,041 |
| Depreciation and amortization:                     |                                     |          |                                    |          |
| Financial systems                                  | \$ 16                               | \$ 20    | \$ 50                              | \$ 58    |
| Higher education                                   | 3                                   | 3        | 8                                  | 10       |
| Public sector                                      | 3                                   | 2        | 7                                  | 6        |
| Software & processing solutions                    | 22                                  | 25       | 65                                 | 74       |
| Availability services                              | 48                                  | 49       | 142                                | 141      |
| Corporate administration                           |                                     |          |                                    |          |
|  | \$ 70                               | \$ 74    | \$ 207                             | \$ 215   |
| Income (loss) from operations:                     |                                     |          |                                    |          |
| Financial systems                                  | \$ 138                              | \$ 157   | \$ 388                             | \$ 414   |
| Higher education                                   | 31                                  | 33       | 91                                 | 95       |
| Public sector                                      | 16                                  | 19       | 55                                 | 55       |
| Software & processing solutions                    | 185                                 | 209      | 534                                | 564      |
| Availability services                              | 114                                 | 103      | 326                                | 291      |
| Corporate and other items <sup>(1)</sup>           | (163)                               | (180)    | (455)                              | (488)    |
| Merger costs                                       |                                     |          |                                    | (1)      |
|  | \$ 136                              | \$ 132   | \$ 405                             | \$ 366   |
| Cash paid for property and equipment and software: |                                     |          |                                    |          |
| Financial systems                                  | \$ 24                               | \$ 16    | \$ 63                              | \$ 60    |
| Higher education                                   | 5                                   | 2        | 21                                 | 6        |
| Public sector                                      | 2                                   | 4        | 6                                  | 10       |

|                                 |       |       |        |        |
|---------------------------------|-------|-------|--------|--------|
| Software & processing solutions | 31    | 22    | 90     | 76     |
| Availability services           | 60    | 66    | 190    | 179    |
| Corporate administration        |       |       |        |        |
|                                 | \$ 91 | \$ 88 | \$ 280 | \$ 255 |

(1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of \$131 million and \$150 million for the three month periods ended September 30, 2008 and 2009, respectively, and \$361 million and \$404 million for the nine month periods ended September 30, 2008 and 2009, respectively.

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Amortization of acquisition-related intangible assets by segment follows (in millions):

|  | <b>Three Months Ended</b> |                      | <b>Nine Months Ended</b> |                       |
|--|---------------------------|----------------------|--------------------------|-----------------------|
|  | <b>September 30,</b>      |                      | <b>September 30,</b>     |                       |
|  | <b>2008</b>               | <b>2009</b>          | <b>2008</b>              | <b>2009</b>           |
| Amortization of acquisition-related intangible assets: |                           |                      |                          |                       |
| Financial systems                                      | \$ 73 <sup>(1)</sup>      | \$ 91 <sup>(1)</sup> | \$ 200 <sup>(1)</sup>    | \$ 227 <sup>(1)</sup> |
| Higher education                                       | 8                         | 8                    | 26                       | 25                    |
| Public sector  | 15 <sup>(1)</sup>         | 8 <sup>(1)</sup>     | 36 <sup>(1)</sup>        | 23 <sup>(1)</sup>     |
| Software & processing solutions                        | 96                        | 107                  | 262                      | 275                   |
| Availability services                                  | 34                        | 42                   | 96                       | 127                   |
| Corporate administration                               | 1                         | 1                    | 3                        | 2                     |
|  | \$ 131                    | \$ 150               | \$ 361                   | \$ 404                |

(1) 2008 includes approximately \$11 million and \$4 million of impairment charges related to customer base and software for subsidiaries in the FS and PS segments, respectively. 2009 includes approximately \$16 million and \$10 million of impairment charges related to customer base and software, respectively, for subsidiaries in the FS segment.

The FS Segment is organized to align with customer-facing business areas. FS revenue by these business areas follows (in millions):

| <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|---------------------------|-------------|--------------------------|-------------|
| <b>September 30,</b>      |             | <b>September 30,</b>     |             |
| <b>2008</b>               | <b>2009</b> | <b>2008</b>              | <b>2009</b> |



|                                |    |     |    |     |    |       |    |       |
|--------------------------------|----|-----|----|-----|----|-------|----|-------|
| Trading Systems                | \$ | 239 | \$ | 161 | \$ | 557   | \$ | 610   |
| Wealth Management              |    | 127 |    | 112 |    | 399   |    | 321   |
| Brokerage & Clearance          |    | 61  |    | 68  |    | 196   |    | 207   |
| Global Trading                 |    |     |    | 72  |    |       |    | 195   |
| Capital Markets                |    | 72  |    | 68  |    | 242   |    | 192   |
| Institutional Asset Management |    | 60  |    | 53  |    | 172   |    | 151   |
| Corporations                   |    | 51  |    | 45  |    | 140   |    | 134   |
| Banks                          |    | 43  |    | 38  |    | 121   |    | 107   |
| All other                      |    | 121 |    | 107 |    | 344   |    | 315   |
| Total Financial Systems        | \$ | 774 | \$ | 724 | \$ | 2,171 | \$ | 2,232 |

### 9. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded \$4 million of management fees in sales, marketing and administration expenses during each of the three months ended September 30, 2008 and 2009. In the nine month periods ended September 30, 2008 and 2009, the Company recorded \$14 million and \$11 million, respectively, of management fees in sales, marketing and administration expenses. At December 31, 2008 and September 30, 2009, \$10 million and \$4 million, respectively, was included in other accrued expenses.

Certain of the Company's Sponsors and/or their affiliates were paid approximately \$2 million for customary fees and expenses in connection with the Amended Credit Agreement.

### 10. Supplemental Guarantor Condensed Consolidating Financial Statements:

SunGard's senior notes are jointly and severally, fully and unconditionally guaranteed on a senior unsecured basis and the senior subordinated notes are jointly and severally, fully and unconditionally guaranteed on an unsecured senior subordinated basis, in each case, subject to certain exceptions, by substantially all wholly owned, domestic subsidiaries of SunGard (collectively, the Guarantors). Each of the Guarantors is 100% owned, directly or indirectly, by SunGard. None of the other subsidiaries of SunGard, either direct or indirect, nor any of the Holding Companies guarantee the senior notes and senior subordinated notes (Non-Guarantors). The Guarantors also unconditionally guarantee the senior secured credit facilities.

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The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2008 and September 30, 2009, and for the three- and nine-month periods ended September 30, 2008 and 2009 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties nor guarantors to the debt issued as described in the notes to consolidated financial statements included in the Form 10-12G/A for SCC and SCCII filed in June 2009 or the Form 10-K for SunGard filed in March 2009.

**Supplemental Condensed Consolidating Balance Sheet****December 31, 2008**

| (in millions)                                    | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                    |                           |                                   |                                       |                     |                     |
| Current:   |                           |                                   |                                       |                     |                     |
| Cash and cash equivalents                        | \$ 511                    | \$ 16                             | \$ 448                                | \$                  | \$ 975              |
| Intercompany balances                            | (5,192)                   | 5,268                             | (76)                                  |                     |                     |
| Trade receivables, net                           | (1)                       | 406                               | 377                                   |                     | 782                 |
| Prepaid expenses, taxes and other current assets | 1,680                     | 75                                | 660                                   | (1,677)             | 738                 |
| Total current assets                             | (3,002)                   | 5,765                             | 1,409                                 | (1,677)             | 2,495               |
| Property and equipment, net                      | 1                         | 619                               | 278                                   |                     | 898                 |
| Intangible assets, net                           | 178                       | 4,106                             | 773                                   |                     | 5,057               |
| Intercompany balances                            | 967                       | (720)                             | (247)                                 |                     |                     |
| Goodwill   |                           | 6,146                             | 1,182                                 |                     | 7,328               |
| Investment in subsidiaries                       | 13,686                    | 2,298                             |                                       | (15,984)            |                     |
| <b>Total Assets</b>                              | <b>\$ 11,830</b>          | <b>\$ 18,214</b>                  | <b>\$ 3,395</b>                       | <b>\$ (17,661)</b>  | <b>\$ 15,778</b>    |
| <b>Liabilities and Stockholders Equity</b>       |                           |                                   |                                       |                     |                     |
| Current:   |                           |                                   |                                       |                     |                     |
| Short-term and current portion of long-term debt | \$ 295                    | \$ 9                              | \$ 18                                 | \$                  | \$ 322              |
| Accounts payable and other current liabilities   | 319                       | 2,611                             | 995                                   | (1,677)             | 2,248               |
| Total current liabilities                        | 614                       | 2,620                             | 1,013                                 | (1,677)             | 2,570               |
| Long-term debt                                   | 8,227                     | 9                                 | 317                                   |                     | 8,553               |
| Intercompany debt                                | (8)                       | 416                               | (162)                                 | (246)               |                     |
| Deferred income taxes                            | (66)                      | 1,483                             | 175                                   |                     | 1,592               |
| Total liabilities                                | 8,767                     | 4,528                             | 1,343                                 | (1,923)             | 12,715              |
| Total stockholders equity                        | 3,063                     | 13,686                            | 2,052                                 | (15,738)            | 3,063               |
| <b>Total Liabilities and Stockholders Equity</b> | <b>\$ 11,830</b>          | <b>\$ 18,214</b>                  | <b>\$ 3,395</b>                       | <b>\$ (17,661)</b>  | <b>\$ 15,778</b>    |



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**Supplemental Condensed Consolidating Balance Sheet  
September 30, 2009**

| (in millions)                                     | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                     |                           |                                   |                                       |                     |                     |
| Current:  |                           |                                   |                                       |                     |                     |
| Cash and cash equivalents                         | \$ 7                      | \$ (9)                            | \$ 481                                | \$                  | \$ 479              |
| Intercompany balances                             | (6,352)                   | 5,549                             | 803                                   |                     |                     |
| Trade receivables, net                            |                           | 738                               | 305                                   |                     | 1,043               |
| Prepaid expenses, taxes and other current assets  | 1,783                     | 76                                | 516                                   | (1,843)             | 532                 |
| <b>Total current assets</b>                       | <b>(4,562)</b>            | <b>6,354</b>                      | <b>2,105</b>                          | <b>(1,843)</b>      | <b>2,054</b>        |
| Property and equipment, net                       | 1                         | 614                               | 317                                   |                     | 932                 |
| Intangible assets, net                            | 173                       | 3,849                             | 650                                   |                     | 4,672               |
| Intercompany balances                             | 980                       | (721)                             | (259)                                 |                     |                     |
| Goodwill  |                           | 6,130                             | 1,304                                 |                     | 7,434               |
| Investment in subsidiaries                        | 14,500                    | 2,663                             |                                       | (17,163)            |                     |
| <b>Total Assets</b>                               | <b>\$ 11,092</b>          | <b>\$ 18,889</b>                  | <b>\$ 4,117</b>                       | <b>\$ (19,006)</b>  | <b>\$ 15,092</b>    |
| <b>Liabilities and Stockholder's Equity</b>       |                           |                                   |                                       |                     |                     |
| Current:  |                           |                                   |                                       |                     |                     |
| Short-term and current portion of long-term debt  | \$ 45                     | \$ 6                              | \$ 6                                  | \$                  | \$ 57               |
| Accounts payable and other current liabilities    | 230                       | 2,731                             | 1,055                                 | (1,843)             | 2,173               |
| <b>Total current liabilities</b>                  | <b>275</b>                | <b>2,737</b>                      | <b>1,061</b>                          | <b>(1,843)</b>      | <b>2,230</b>        |
| Long-term debt                                    | 7,697                     | 5                                 | 585                                   |                     | 8,287               |
| Intercompany debt                                 | 84                        | 252                               | (161)                                 | (175)               |                     |
| Deferred income taxes                             | (57)                      | 1,395                             | 144                                   |                     | 1,482               |
| <b>Total liabilities</b>                          | <b>7,999</b>              | <b>4,389</b>                      | <b>1,629</b>                          | <b>(2,018)</b>      | <b>11,999</b>       |
| <b>Total stockholder's equity</b>                 | <b>3,093</b>              | <b>14,500</b>                     | <b>2,488</b>                          | <b>(16,988)</b>     | <b>3,093</b>        |
| <b>Total Liabilities and Stockholder's Equity</b> | <b>\$ 11,092</b>          | <b>\$ 18,889</b>                  | <b>\$ 4,117</b>                       | <b>\$ (19,006)</b>  | <b>\$ 15,092</b>    |

**Supplemental Condensed Consolidating Schedule of Operations  
Three Months Ended September 30, 2008**

| (in millions) | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---------------|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
|---------------|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|

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|   |         |    |      |    |     |    |      |    |       |
|---|---------|----|------|----|-----|----|------|----|-------|
| Total revenue   | \$      | \$ | 830  | \$ | 550 | \$ | 14   | \$ | 1,394 |
| Costs and expenses:                                   |         |    |      |    |     |    |      |    |       |
| Cost of sales and direct operating                    |         |    | 343  |    | 371 |    | 14   |    | 728   |
| Sales, marketing and administration                   | 20      |    | 144  |    | 81  |    |      |    | 245   |
| Product development                                   |         |    | 45   |    | 39  |    |      |    | 84    |
| Depreciation and amortization                         |         |    | 51   |    | 19  |    |      |    | 70    |
| Amortization of acquisition-related intangible assets | 1       |    | 92   |    | 38  |    |      |    | 131   |
| Merger costs  |         |    |      |    |     |    |      |    |       |
|   | 21      |    | 675  |    | 548 |    | 14   |    | 1,258 |
| Income (loss) from operations                         | (21)    |    | 155  |    | 2   |    |      |    | 136   |
| Net interest income (expense)                         | (137)   |    | (14) |    | 13  |    |      |    | (138) |
| Other income (expense)                                | 60      |    | 11   |    | (6) |    | (89) |    | (24)  |
| Income (loss) before income taxes                     | (98)    |    | 152  |    | 9   |    | (89) |    | (26)  |
| Provision (benefit) for income taxes                  | (63)    |    | 73   |    | (1) |    |      |    | 9     |
| Net income (loss)                                     | \$ (35) | \$ | 79   | \$ | 10  | \$ | (89) | \$ | (35)  |

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**Supplemental Condensed Consolidating Schedule of Operations  
Three Months Ended September 30, 2009**

| (in millions)   | Parent<br>Company | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|---|-------------------|---------------------------|-------------------------------|--------------|--------------|
| Total revenue   | \$                | \$ 842                    | \$ 520                        | \$ (25)      | \$ 1,337     |
| Costs and expenses:                                   |                   |                           |                               |              |              |
| Cost of sales and direct operating                    |                   | 354                       | 313                           | (25)         | 642          |
| Sales, marketing and administration                   | 23                | 137                       | 102                           |              | 262          |
| Product development                                   |                   | 44                        | 33                            |              | 77           |
| Depreciation and amortization                         |                   | 54                        | 20                            |              | 74           |
| Amortization of acquisition-related intangible assets | 1                 | 99                        | 50                            |              | 150          |
| Merger costs  |                   |                           |                               |              |              |
|   | 24                | 688                       | 518                           | (25)         | 1,205        |
| Income (loss) from operations                         | (24)              | 154                       | 2                             |              | 132          |
| Net interest income (expense)                         | (141)             | 13                        | (32)                          |              | (160)        |
| Other income (expense)                                | 238               | (55)                      | (15)                          | (183)        | (15)         |
| Income (loss) before income taxes                     | 73                | 112                       | (45)                          | (183)        | (43)         |
| Benefit from (provision for) income taxes             | (113)             | 126                       | (10)                          |              | 3            |
| Net income (loss)                                     | \$ (40)           | \$ 238                    | \$ (55)                       | \$ (183)     | \$ (40)      |

**Supplemental Condensed Consolidating Schedule of Operations  
Nine Months Ended September 30, 2008**

| (in millions)   | Parent<br>Company | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|---|-------------------|---------------------------|-------------------------------|--------------|--------------|
| Total revenue   | \$                | \$ 2,654                  | \$ 1,505                      | \$ (106)     | \$ 4,053     |
| Costs and expenses:                                   |                   |                           |                               |              |              |
| Cost of sales and direct operating                    |                   | 1,205                     | 925                           | (106)        | 2,024        |
| Sales, marketing and administration                   | 69                | 448                       | 298                           |              | 815          |
| Product development                                   |                   | 140                       | 101                           |              | 241          |
| Depreciation and amortization                         |                   | 152                       | 55                            |              | 207          |
| Amortization of acquisition-related intangible assets | 3                 | 278                       | 80                            |              | 361          |
| Merger costs  |                   |                           |                               |              |              |
|   | 72                | 2,223                     | 1,459                         | (106)        | 3,648        |

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|                                      |         |        |      |          |         |
|--------------------------------------|---------|--------|------|----------|---------|
| Income (loss) from operations        | (72)    | 431    | 46   |          | 405     |
| Net interest income (expense)        | (392)   | (5)    | (23) |          | (420)   |
| Other income (expense)               | 238     | (1)    | (29) | (257)    | (49)    |
| Income (loss) before income taxes    | (226)   | 425    | (6)  | (257)    | (64)    |
| Provision (benefit) for income taxes | (171)   | 168    | (6)  |          | (9)     |
| Net income (loss)                    | \$ (55) | \$ 257 | \$   | \$ (257) | \$ (55) |

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**Supplemental Condensed Consolidating Schedule of Operations**  
**Nine Months Ended September 30, 2009**

| (in millions)   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| Total revenue   | \$                        | \$ 2,532                          | \$ 1,579                              | \$ (70)             | \$ 4,041            |
| Costs and expenses:                                   |                           |                                   |                                       |                     |                     |
| Cost of sales and direct operating                    |                           | 1,091                             | 1,017                                 | (70)                | 2,038               |
| Sales, marketing and administration                   | 68                        | 434                               | 290                                   |                     | 792                 |
| Product development                                   |                           | 126                               | 99                                    |                     | 225                 |
| Depreciation and amortization                         |                           | 160                               | 55                                    |                     | 215                 |
| Amortization of acquisition-related intangible assets | 2                         | 302                               | 100                                   |                     | 404                 |
| Merger costs  | 1                         |                                   |                                       |                     | 1                   |
|   | 71                        | 2,113                             | 1,561                                 | (70)                | 3,675               |
| Income (loss) from operations                         | (71)                      | 419                               | 18                                    |                     | 366                 |
| Net interest income (expense)                         | (411)                     | 36                                | (90)                                  |                     | (465)               |
| Other income (expense)                                | 402                       | (66)                              | 6                                     | (336)               | 6                   |
| Income (loss) before income taxes                     | (80)                      | 389                               | (66)                                  | (336)               | (93)                |
| Benefit from (provision for) income taxes             | (1)                       | 13                                |                                       |                     | 12                  |
| Net income (loss)                                     | \$ (81)                   | \$ 402                            | \$ (66)                               | \$ (336)            | \$ (81)             |

**Supplemental Condensed Consolidating Schedule of Cash Flows**  
**Nine Months Ended September 30, 2008**

| (in millions)  | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Cash Flow From Operations</b>                                       |                           |                                   |                                       |                     |                     |
| Net income (loss)  | \$ (55)                   | \$ 257                            | \$                                    | \$ (257)            | \$ (55)             |
| Non cash adjustments   | (203)                     | 348                               | 141                                   | 257                 | 543                 |
| Changes in operating assets and liabilities                            | (728)                     | 810                               | (181)                                 |                     | (99)                |
| Cash flow provided by (used in) operations                             | (986)                     | 1,415                             | (40)                                  |                     | 389                 |
| <b>Investment Activities</b>   |                           |                                   |                                       |                     |                     |
| Intercompany transactions  | 261                       | (1,115)                           | 854                                   |                     |                     |
| Cash paid for businesses acquired by the Company, net of cash acquired |                           | (110)                             | (64)                                  |                     | (174)               |



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|   |        |         |          |          |
|---|--------|---------|----------|----------|
| Cash paid for property and equipment and software |        | (193)   | (87)     | (280)    |
| Other investing activities                        |        | (5)     | 7        | 2        |
| Cash provided by (used in) investment activities  | 261    | (1,423) | 710      | (452)    |
| <b>Financing Activities</b>                       |        |         |          |          |
| Net borrowings (repayments) of long-term debt     | 1,284  | 7       | (40)     | 1,251    |
| Other financing activities                        | (15)   |         |          | (15)     |
| Cash provided by (used in) financing activities   | 1,269  | 7       | (40)     | 1,236    |
| Effect of exchange rate changes on cash           |        |         | (12)     | (12)     |
| Increase (decrease) in cash and cash equivalents  | 544    | (1)     | 618      | 1,161    |
| Beginning cash and cash equivalents               | 39     | 2       | 386      | 427      |
| Ending cash and cash equivalents                  | \$ 583 | \$ 1    | \$ 1,004 | \$ 1,588 |

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**Supplemental Condensed Consolidating Schedule of Cash Flows**  
**Nine Months Ended September 30, 2009**

| (in millions)  | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Cash Flow From Operations</b>                                       |                           |                                   |                                       |                     |                     |
| Net income (loss)  | \$ (81)                   | \$ 402                            | \$ (66)                               | \$ (336)            | \$ (81)             |
| Non cash adjustments   | (343)                     | 451                               | 138                                   | 336                 | 582                 |
| Changes in operating assets and liabilities                            | (165)                     | (294)                             | 322                                   |                     | (137)               |
| Cash flow provided by (used in) operations                             | (589)                     | 559                               | 394                                   |                     | 364                 |
| <b>Investment Activities</b>   |                           |                                   |                                       |                     |                     |
| Intercompany transactions  | 923                       | (384)                             | (539)                                 |                     |                     |
| Cash paid for businesses acquired by the Company, net of cash acquired |                           | (12)                              |                                       |                     | (12)                |
| Cash paid for property and equipment and software                      |                           | (182)                             | (73)                                  |                     | (255)               |
| Other investing activities   |                           | 1                                 | 2                                     |                     | 3                   |
| Cash provided by (used in) investment activities                       | 923                       | (577)                             | (610)                                 |                     | (264)               |
| <b>Financing Activities</b>  |                           |                                   |                                       |                     |                     |
| Net borrowings (repayments) of long-term debt                          | (833)                     | (7)                               | 237                                   |                     | (603)               |
| Other financing activities   | (5)                       |                                   |                                       |                     | (5)                 |
| Cash provided by (used in) financing activities                        | (838)                     | (7)                               | 237                                   |                     | (608)               |
| Effect of exchange rate changes on cash                                |                           |                                   | 12                                    |                     | 12                  |
| Increase (decrease) in cash and cash equivalents                       | (504)                     | (25)                              | 33                                    |                     | (496)               |
| Beginning cash and cash equivalents                                    | 511                       | 16                                | 448                                   |                     | 975                 |
| Ending cash and cash equivalents                                       | \$ 7                      | \$ (9)                            | \$ 481                                | \$                  | \$ 479              |

**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****Introduction**

The following discussion and analysis supplement the management's discussion and analysis in the Form 10-12G/A for SCC and SCCII and SunGard's Annual Report on Form 10-K for the year ended December 31, 2008 and presume that readers have read or have access to the discussion and analysis in these filings. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of SCC, which are materially the same as the results of operations and financial condition of SCCII and SunGard. Therefore, the discussions provided are applicable to each of SCC, SCCII and SunGard unless otherwise noted.

**Results of Operations:**

The following table sets forth, for the periods indicated, certain amounts included in our Consolidated Statements of Operations, the relative percentage that those amounts represent to consolidated revenue (unless otherwise indicated), and the percentage change in those amounts from period to period.

|   | <b>Three Months Ended September 30, 2008</b> |      | <b>Three Months Ended September 30, 2009</b> |      | <b>Percent Increase (Decrease) 2009 vs. 2008</b> | <b>Nine Months Ended September 30, 2008</b> |      | <b>Nine Months Ended September 30, 2009</b> |      | <b>Percent Increase (Decrease) 2009 vs. 2008</b> |
|---|--|------|--|------|--|---|------|---|------|--|
|   | <b>percent of revenue</b>                    |      | <b>percent of revenue</b>                    |      |  | <b>percent of revenue</b>                   |      | <b>percent of revenue</b>                   |      |  |
| <b>Revenue</b>  |  |      |  |      |  |   |      |   |      |  |
| Financial systems (FS)                                | \$ 774                                       | 56%  | \$ 724                                       | 54%  | (6)%   | \$ 2,171                                    | 54%  | \$ 2,232                                    | 55%  | 3%   |
| Higher education (HE)                                 | 128  | 9%   | 125  | 9%   | (2)%   | 400   | 10%  | 389   | 10%  | (3)%   |
| Public sector (PS)                                    | 94   | 7%   | 103  | 8%   | 10%  | 307   | 8%   | 289   | 7%   | (6)%   |
| Software & processing solutions                       | 996  | 71%  | 952  | 71%  | (4)%   | 2,878                                       | 71%  | 2,910                                       | 72%  | 1%   |
| Availability services (AS)                            | 398  | 29%  | 385  | 29%  | (3)%   | 1,175                                       | 29%  | 1,131                                       | 28%  | (4)%   |
|   | \$ 1,394                                     | 100% | \$ 1,337                                     | 100% | (4)%   | \$ 4,053                                    | 100% | \$ 4,041                                    | 100% | %  |
| <b>Costs and Expenses</b>                             |  |      |  |      |  |   |      |   |      |  |
| Cost of sales and direct operating                    | \$ 728                                       | 52%  | \$ 642                                       | 48%  | (12)%  | \$ 2,024                                    | 50%  | \$ 2,038                                    | 50%  | 1%   |
| Sales, marketing and administration                   | 245  | 18%  | 262  | 20%  | 7%   | 815   | 20%  | 792   | 20%  | (3)%   |
| Product development                                   | 84   | 6%   | 77   | 6%   | (8)%   | 241   | 6%   | 225   | 6%   | (7)%   |
| Depreciation and amortization                         | 70   | 5%   | 74   | 6%   | 6%   | 207   | 5%   | 215   | 5%   | 4%   |
| Amortization of acquisition-related intangible assets | 131  | 9%   | 150  | 11%  | 15%  | 361   | 9%   | 404   | 10%  | 12%  |
| Merger and other costs                                |  | %    |  | %    | %  |   | %    | 1   | %    | %  |

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|   |          |      |          |       |       |          |      |          |       |       |
|---|----------|------|----------|-------|-------|----------|------|----------|-------|-------|
|   | \$ 1,258 | 90%  | \$ 1,205 | 90%   | (4)%  | \$ 3,648 | 90%  | \$ 3,675 | 91%   | %     |
| <b>Income from Operations</b>                         |          |      |          |       |       |          |      |          |       |       |
| Financial systems <sup>(1)</sup>                      | \$ 138   | 18%  | \$ 157   | 22%   | 14%   | \$ 388   | 18%  | \$ 414   | 19%   | 7%    |
| Higher education <sup>(1)</sup>                       | 31       | 24%  | 33       | 26%   | 6%    | 91       | 23%  | 95       | 24%   | 4%    |
| Public sector <sup>(1)</sup>                          | 16       | 17%  | 19       | 18%   | 19%   | 55       | 18%  | 55       | 19%   | %     |
| Software & processing solutions <sup>(1)</sup>        | 185      | 19%  | 209      | 22%   | 13%   | 534      | 19%  | 564      | 19%   | 6%    |
| Availability services <sup>(1)</sup>                  | 114      | 29%  | 103      | 27%   | (10)% | 326      | 28%  | 291      | 26%   | (11)% |
| Corporate administration                              | (11)     | (1)% | (13)     | (1)%  | 18%   | (35)     | (1)% | (40)     | (1)%  | 14%   |
| Amortization of acquisition-related intangible assets | (131)    | (9)% | (150)    | (11)% | 15%   | (361)    | (9)% | (404)    | (10)% | 12%   |
| Stock Compensation expense                            | (7)      | (1)% | (8)      | (1)%  | 14%   | (21)     | (1)% | (22)     | (1)%  | 5%    |
| Other items <sup>(2)</sup>                            | (14)     | (1)% | (9)      | (1)%  | (36)% | (38)     | (1)% | (23)     | (1)%  | (39)% |
|   | \$ 136   | 10%  | \$ 132   | 10%   | (3)%  | \$ 405   | 10%  | \$ 366   | 9%    | (10)% |

(1) Percent of revenue is calculated as a percent of revenue from FS, HE, PS, Software and Processing Solutions, and AS, respectively.

(2) Other items include certain purchase accounting adjustments and management fees paid to the Sponsors, partially offset by capitalized software development costs.

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The following table sets forth, for the periods indicated, certain supplemental revenue data, the relative percentage that those amounts represent to total revenue and the percentage change in those amounts from period to period.

|  | <b>Three Months Ended September 30, 2008</b> |     | <b>Three Months Ended September 30, 2009</b> |     | <b>Percent Increase (Decrease) 2009 vs. 2008</b> | <b>Nine Months Ended September 30, 2008</b> |     | <b>Nine Months Ended September 30, 2009</b> |     | <b>Percent Increase (Decrease) 2009 vs. 2008</b> |
|--|--|-----|--|-----|--|---|-----|---|-----|--|
|  | <b>percent of revenue</b>                    |     | <b>percent of revenue</b>                    |     |  | <b>percent of revenue</b>                   |     | <b>percent of revenue</b>                   |     |  |
| <b>Financial Systems</b>                   |  |     |  |     |  |   |     |   |     |  |
| Services                                   | \$ 688                                       | 49% | \$ 642                                       | 48% | (7)%   | \$ 1,921                                    | 47% | \$ 2,027                                    | 50% | 6%   |
| License and resale fees                    | 46   | 3%  | 43   | 3%  | (7)%   | 135   | 3%  | 106   | 3%  | (21)%  |
| Total products and services                | 734  | 53% | 685  | 51% | (7)%   | 2,056                                       | 51% | 2,133                                       | 53% | 4%   |
| Reimbursed expenses                        | 40   | 3%  | 39   | 3%  | (3)%   | 115   | 3%  | 99  | 2%  | (14)%  |
|  | \$ 774                                       | 56% | \$ 724                                       | 54% | (6)%   | \$ 2,171                                    | 54% | \$ 2,232                                    | 55% | 3%   |
| <b>Higher Education</b>                    |  |     |  |     |  |   |     |   |     |  |
| Services                                   | \$ 109                                       | 8%  | \$ 102                                       | 8%  | (6)%   | \$ 340                                      | 8%  | \$ 331                                      | 8%  | (3)%   |
| License and resale fees                    | 16   | 1%  | 20   | 1%  | 25%  | 52  | 1%  | 52  | 1%  | %  |
| Total products and services                | 125  | 9%  | 122  | 9%  | (2)%   | 392   | 10% | 383   | 9%  | (2)%   |
| Reimbursed expenses                        | 3  | %   | 3  | %   | %  | 8   | %   | 6   | %   | (25)%  |
|  | \$ 128                                       | 9%  | \$ 125                                       | 9%  | (2)%   | \$ 400                                      | 10% | \$ 389                                      | 10% | (3)%   |
| <b>Public Sector</b>                       |  |     |  |     |  |   |     |   |     |  |
| Services                                   | \$ 80  | 6%  | \$ 73  | 5%  | (9)%   | \$ 262                                      | 6%  | \$ 211                                      | 5%  | (19)%  |
| License and resale fees                    | 12   | 1%  | 29   | 2%  | 142%   | 41  | 1%  | 75  | 2%  | 83%  |
| Total products and services                | 92   | 7%  | 102  | 8%  | 11%  | 303   | 7%  | 286   | 7%  | (6)%   |
| Reimbursed expenses                        | 2  | %   | 1  | %   | (50)%  | 4   | %   | 3   | %   | (25)%  |
|  | \$ 94  | 7%  | \$ 103                                       | 8%  | 10%  | \$ 307                                      | 8%  | \$ 289                                      | 7%  | (6)%   |
| <b>Software &amp; Processing Solutions</b> |  |     |  |     |  |   |     |   |     |  |
| Services                                   | \$ 877                                       | 63% | \$ 817                                       | 61% | (7)%   | \$ 2,523                                    | 62% | \$ 2,569                                    | 64% | 2%   |
| License and resale fees                    | 74   | 5%  | 92   | 7%  | 24%  | 228   | 6%  | 233   | 6%  | 2%   |
| Total products and services                | 951  | 68% | 909  | 68% | (4)%   | 2,751                                       | 68% | 2,802                                       | 69% | 2%   |
| Reimbursed expenses                        | 45   | 3%  | 43   | 3%  | (4)%   | 127   | 3%  | 108   | 3%  | (15)%  |
|  | \$ 996                                       | 71% | \$ 952                                       | 71% | (4)%   | \$ 2,878                                    | 71% | \$ 2,910                                    | 72% | 1%   |

**Availability Services**

|                             |        |     |        |     |       |          |     |          |     |       |
|-----------------------------|--------|-----|--------|-----|-------|----------|-----|----------|-----|-------|
| Services                    | \$ 390 | 28% | \$ 381 | 28% | (2)%  | \$ 1,156 | 29% | \$ 1,118 | 28% | (3)%  |
| License and resale fees     | 4      | %   | 1      | %   | (75)% | 7        | %   | 3        | %   | (57)% |
| Total products and services | 394    | 28% | 382    | 29% | (3)%  | 1,163    | 29% | 1,121    | 28% | (4)%  |
| Reimbursed expenses         | 4      | %   | 3      | %   | (25)% | 12       | %   | 10       | %   | (17)% |
|                             | \$ 398 | 29% | \$ 385 | 29% | (3)%  | \$ 1,175 | 29% | \$ 1,131 | 28% | (4)%  |

**Total Revenue**

|                             |          |      |          |      |      |          |      |          |      |       |
|-----------------------------|----------|------|----------|------|------|----------|------|----------|------|-------|
| Services                    | \$ 1,267 | 91%  | \$ 1,198 | 90%  | (5)% | \$ 3,679 | 91%  | \$ 3,687 | 91%  | %     |
| License and resale fees     | 78       | 6%   | 93       | 7%   | 19%  | 235      | 6%   | 236      | 6%   | %     |
| Total products and services | 1,345    | 96%  | 1,291    | 97%  | (4)% | 3,914    | 97%  | 3,923    | 97%  | %     |
| Reimbursed expenses         | 49       | 4%   | 46       | 3%   | (6)% | 139      | 3%   | 118      | 3%   | (15)% |
|                             | \$ 1,394 | 100% | \$ 1,337 | 100% | (4)% | \$ 4,053 | 100% | \$ 4,041 | 100% | %     |

**Table of Contents****Three Months Ended September 30, 2009 Compared To Three Months Ended September 30, 2008****Income from Operations:**

Our total operating margin was 10% for each of the three months ended September 30, 2009 and 2008, reflecting improvement in margin in each of the software and processing businesses offset by the increase in acquisition-related intangible asset amortization and the decline in the AS margin.

*Financial Systems:*

The FS operating margin was 22% and 18% for the three months ended September 30, 2009 and 2008, respectively, including the impacts of changes in currency exchange rates, and reduced activity in one of our trading systems businesses, a broker/dealer with an inherently lower margin, and reduced employee-related and consultant costs. The \$19 million increase in income from operations is primarily due to the impact of acquired businesses and lower foreign currency transaction losses, partially offset by the impact of the decreases in professional services revenue and in revenue at one of our broker/dealer businesses.

*Higher Education:*

The HE operating margin was 26% and 24% for the three months ended September 30, 2009 and 2008, respectively, primarily due to cost reductions, mainly employee-related and professional services expenses, and a \$1 million increase in software license fees, partially offset by the impact of the decrease in professional services revenue.

*Public Sector:*

The PS operating margin was 18% and 17% for the three months ended September 30, 2009 and 2008, respectively, due primarily to improved performance in our U.K. business.

*Availability Services:*

The AS operating margin was 27% and 29% for the three months ended September 30, 2009 and 2008, respectively. The operating margin decline is primarily due to facility expansions in Europe, which increased the fixed cost base in advance of anticipated revenue growth, combined with declines in North American revenue and a continued shift from basic and advanced recovery services to managed services and increased employment-related expenses, offset in part by the impact of changes in currency exchange rates.

**Revenue:**

Total revenue decreased \$57 million or 4% for the three months ended September 30, 2009 compared to the third quarter of 2008. On a constant currency basis, organic revenue decreased 7% in the third quarter of 2009 compared to the prior year period, primarily because of a decline in revenue from one of our broker/dealer businesses and a decline in professional services revenue across our software and processing businesses. Organic revenue is defined as revenue for businesses owned for at least one year and further adjusted for the effects of businesses sold in the previous twelve months. Approximately 5% of the organic revenue decline in the quarter was attributed to one of our broker/dealer businesses. While we have seen some improvement in the tone from the first half of 2009, spending remains cautious and the environment continues to be subject to pricing pressure. We expect a challenging finish to 2009, and some difficulty in achieving positive organic revenue growth in part due to comparatively strong third and fourth quarters in 2008 when organic revenue growth on a constant currency basis was 11% and 8%, respectively.

*Financial Systems:*

FS revenue decreased \$50 million or 6% in the third quarter of 2009 from the prior year period. On a constant currency basis, organic revenue decreased 15% in the quarter. Approximately \$74 million or eight percentage points of the organic revenue decline was attributed to one of our broker/dealer businesses. The broker/dealer revenue declined sequentially in two of the past three quarters and is a function of market volatility and customer mix. In addition, our largest broker/dealer customer, who currently trades through us on a sponsored access basis, has given us notice that it plans to decrease its use of certain of our trading services in response to potential regulatory changes. This decrease is expected to occur in the first quarter of 2010 and result in a further decline in our quarterly total revenue of as much as \$96 million from the third quarter 2009 levels (\$384 million annualized). The expected reduction in our annual income from operations is expected to be more modest (between \$35 and \$40 million) because the revenue from these services contains a high proportion of pass through expenses.





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Professional services revenue decreased \$28 million or 17%. Revenue from license and resale fees included software license revenue of \$37 million and \$35 million in the three months ended September 30, 2009 and 2008, respectively.

*Higher Education:*

HE revenue decreased \$3 million or 2% for the three months ended September 30, 2009 compared to the corresponding period in 2008 due entirely to a decrease in organic revenue. HE services revenue decreased \$7 million, primarily due to a decrease in professional services. Revenue from license and resale fees included software license revenue of \$8 million in the three months ended September 30, 2009, an increase of \$1 million from the prior year period.

*Public Sector:*

PS revenue increased \$9 million or 10% for the three months ended September 30, 2009 compared to the corresponding period in 2008. On a constant currency basis, organic revenue increased 14%, primarily due to an increase in resale fees in the U.K. business. Revenue from license and resale fees included software license revenue of \$6 million in the three months ended September 30, 2009, an increase of \$1 million from the prior year period.

*Availability Services:*

AS revenue decreased \$13 million or 3% in the third quarter of 2009 from the prior year period. On a constant currency basis, organic revenue was flat in the quarter. In North America, revenue decreased 2% overall and organically where decreases in basic and advanced recovery services were partially offset by growth in managed services and professional fees. Revenue in Europe decreased 8%, but grew 8% on a constant currency basis.

**Costs and Expenses:**

Cost of sales and direct operating expenses as a percentage of total revenue was 48% and 52% in the three-month periods ended September 30, 2009 and 2008, respectively, largely the result of the lower volumes of the broker/dealer business previously mentioned. Also impacting the period were lower employee-related and consultant expenses in the software and processing businesses, partially offset by increased costs from acquired businesses, net of a business sold in 2008.

Sales, marketing and administration expenses as a percentage of total revenue was 20% and 18% in the three-month periods ended September 30, 2009 and 2008, respectively. Increases in sales, marketing and administration expenses were primarily due to increases in FS employment-related expenses, and increased costs from acquired businesses, partially offset by reduced currency transaction losses.

Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For each of the three months ended September 30, 2009 and 2008, product development costs were 8% of revenue from software and processing solutions.

Depreciation and amortization as a percentage of total revenue was 6% and 5% in the three-month periods ended September 30, 2009 and 2008, respectively.

Amortization of acquisition-related intangible assets as a percentage of total revenue was 11% and 9% in the three-month periods ended September 30, 2009 and 2008, respectively. The \$19 million increase in 2009 was primarily due to an \$11 million increase in impairment charges, acquisitions made in 2008 and from shortening the remaining useful lives of certain intangible assets.

Interest expense was \$165 million and \$142 million for the three months ended September 30, 2009 and 2008, respectively. The increase in interest expense was due primarily to increased borrowings from the issuance of \$500 million senior notes due 2015, a \$500 million increase in the term loan, borrowings under our receivables facility, partially offset by interest rate decreases and decreased borrowings under our revolving credit facility.

Other expense was \$15 million and \$24 million for the three months ended September 30, 2009 and 2008, respectively. The change is primarily attributable to \$13 million of foreign currency translation losses related to our Euro denominated term loan in the three months ended September 30, 2009 compared to \$17 million of losses on Euros purchased in advance of and fees associated with unused alternative financing commitments for the acquisition of GL TRADE and \$5 million of losses on sales of receivables related to our terminated off-balance sheet receivables facility in the same period in 2008.



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The effective income tax rates in the three months ended September 30, 2009 and 2008 were (21)% and (27)%, respectively. Income tax expense in each period reflects changes in the overall projected taxable position for the year and the expected mix of taxable income in various jurisdictions, and limitations on our ability to utilize certain foreign tax credits. The reported benefit from income taxes in 2009 includes a \$12 million favorable out-of-period adjustment primarily related to our utilization of foreign tax credit carryforwards from a prior year.

**Nine Months Ended September 30, 2009 Compared To Nine Months Ended September 30, 2008****Income from Operations:**

Our total operating margin was 9% for the nine months ended September 30, 2009, compared to 10% for the nine months ended September 30, 2008 primarily due to a \$32 million decrease in license fees, the decline in the AS operating margin and the increase in acquisition-related intangible asset amortization.

*Financial Systems:*

The FS operating margin was 19% and 18% for the nine months ended September 30, 2009 and 2008, respectively. The \$26 million increase is primarily related to the impact of acquired businesses, cost reductions, mainly employee and consultant-related, and the impact of the increase in revenue at one of our broker/dealer businesses, partially offset by a \$25 million decrease in software license fees and the impact from the decrease in professional services revenue.

*Higher Education:*

The HE operating margin was 24% and 23% for the nine months ended September 30, 2009 and 2008, respectively. The operating margin increase is due primarily to the impact of cost savings in the year, mainly employee and consultant-related and professional services expenses, partially offset by a \$2 million decrease in software license fees and the impact of the decrease in professional services revenue.

*Public Sector:*

The PS operating margin was 19% and 18% for the nine months ended September 30, 2009 and 2008, respectively, primarily due to an increase in resale fees in the U.K. business.

*Availability Services:*

The AS operating margin was 26% and 28% for the nine months ended September 30, 2009 and 2008, respectively. The operating margin decline is primarily due to facility expansions in Europe and North America, which increased the fixed cost base in advance of anticipated revenue growth, combined with a continued shift from basic and advanced recovery services to managed services and increased employment-related expenses, offset in part by the impact of changes in currency exchange rates.

**Revenue:**

Total revenue decreased \$12 million for the nine months ended September 30, 2009 compared to the same period in 2008. On a constant currency basis, organic revenue declined 1.5% in the first nine months of 2009 compared to the prior year period, primarily because of a decline in professional services revenue across our software and processing businesses and decreases in processing revenue and software license fees, partially offset by higher revenue from one of our broker/dealer businesses. This broker/dealer business added approximately 2% to organic revenue growth in the period.

*Financial Systems:*

FS revenue increased \$61 million or 3% in the first nine months of 2009 from the prior year period. On a constant currency basis, organic revenue decreased 3% in the nine-month period or decreased 7% when excluding the revenue from one of our broker/dealer businesses. While this broker/dealer revenue increased year over year, sequentially it declined in two of the past three quarters and is a function of market volatility and customer mix. Professional services revenue decreased \$100 million or 21%. Revenue from license and resale fees included software license revenue of \$92 million and \$117 million in the nine months ended September 30, 2009 and 2008, respectively.

**Table of Contents***Higher Education:*

HE revenue decreased \$11 million or 3% for the nine months ended September 30, 2009 compared to the corresponding period in 2008 due entirely to organic revenue growth. HE services revenue decreased \$9 million, primarily due to a decrease in professional services, partially offset by an increase in support and processing revenue. Revenue from license and resale fees included software license revenue of \$17 million in the nine months ended September 30, 2009, a decrease of \$2 million from the prior year period.

*Public Sector:*

PS revenue decreased \$18 million or 6% for the nine months ended September 30, 2009 compared to the corresponding period in 2008. On a constant currency basis, organic revenue increased 2%. Revenue from license and resale fees included software license revenue of \$18 million in each of the nine months ended September 30, 2009 and 2008.

*Availability Services:*

AS revenue decreased \$44 million or 4% for the nine months ended September 30, 2009 compared to the prior year period. On a constant currency basis, organic revenue grew 1% in the first nine months of 2009. In North America, revenue was flat overall, but decreased 1% organically where decreases in basic and advanced recovery services exceeded growth in managed services and professional services revenue. Revenue in Europe decreased 16%, but grew 7% on a constant currency basis.

**Costs and Expenses:**

Cost of sales and direct operating expenses as a percentage of total revenue was 50% in each of the nine-month periods ended September 30, 2009 and 2008. Higher volumes of the broker/dealer business and increased costs from acquired businesses, net of a business sold in 2008, were partially offset by lower FS and PS employee-related and consultant expenses.

Sales, marketing and administration expenses as a percentage of total revenue was 20% in each of the nine-month periods ended September 30, 2009 and 2008. Organic decreases in sales, marketing and administration expenses, most notably decreases in FS employment-related and consultant expenses, were partially offset by increases from acquired businesses.

Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For each of the nine months ended September 30, 2009 and 2008, product development costs were 8% of revenue from software and processing solutions.

Depreciation and amortization as a percentage of total revenue was 5% in each of the nine-month periods ended September 30, 2009 and 2008.

Amortization of acquisition-related intangible assets as a percentage of total revenue was 10% and 9% in the nine-month periods ended September 30, 2009 and 2008, respectively. The \$43 million increase in 2009 was due to acquisitions made in 2008, from shortening the remaining useful lives of certain intangible assets and an \$11 million increase in impairment charges.

Interest expense was \$471 million and \$433 million for the nine months ended September 30, 2009 and 2008, respectively. The increase in interest expense was due primarily to increased borrowings from the issuance of \$500 million senior notes due 2015, a \$500 million increase in the term loan, borrowings under our receivables facility and additional borrowings under our revolving credit facility, partially offset by interest rate decreases.

Other income was \$6 million for the nine months ended September 30, 2009 compared to other expense of \$49 million for the nine months ended September 30, 2008. The change is primarily attributable to \$7 million of foreign currency translation gains primarily related to our Euro denominated term loan in the nine months ended September 30, 2009 compared to \$17 million of losses on Euros purchased in advance of and fees associated with unused alternative financing commitments for the acquisition of GL TRADE, \$15 million of translation losses related to our Euro denominated term loan and \$13 million of losses on sales of receivables related to our terminated off-balance sheet receivables facility in the same period in 2008.

The effective income tax rates in the nine months ended September 30, 2009 and 2008 were % and 17%, respectively. The rate in both periods reflects changes in the overall projected taxable position for the year and the expected mix of

taxable income in various jurisdictions, and limitations on our ability to utilize certain foreign tax credits. The reported benefit from income taxes in 2009 includes a \$12 million favorable out-of-period adjustment primarily related to our utilization of foreign tax credit carryforwards from a prior year.

**Table of Contents****Liquidity and Capital Resources:**

At September 30, 2009, cash and equivalents were \$479 million, a decrease of \$496 million from December 31, 2008. Cash flow provided by operations was \$364 million in the nine months ended September 30, 2009 compared to \$388 million in the nine months ended September 30, 2008. The decrease in cash flow from operations is due primarily to a \$36 million increase in working capital requirements including higher requirements for the clearing broker/dealer.

Net cash used in investing activities was \$264 million in the nine months ended September 30, 2009, comprised of cash paid for property and equipment and other assets, one business acquired in each of our FS and PS segments and payment of a contingent purchase obligation.

Net cash used in financing activities was \$608 million for the nine months ended September 30, 2009, primarily related to repayment at maturity of the \$250 million senior secured notes and repayment of \$500 million of borrowings under the revolving credit facility, partially offset by cash received from the new receivables facility (net of associated fees). At September 30, 2009, no amount was outstanding under the revolving credit facility and \$259 million was outstanding under the receivables facility. In early 2009, we entered into interest rate swap agreements, with an aggregate notional amount of \$1.2 billion, which expire in February 2012 under which we pay fixed interest payments (at 1.78%) for the term of the swaps and, in turn, receive variable interest payments based on LIBOR.

At September 30, 2009, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses could total \$58 million, all of which could be due in the next 12 months. We also have outstanding letters of credit and bid bonds that total approximately \$34 million.

At September 30, 2009, we have outstanding \$8.34 billion in aggregate indebtedness, with additional borrowing capacity of \$808 million under the revolving credit facility (after giving effect to outstanding letters of credit).

On June 9, 2009, SunGard entered into an amendment to the Credit Agreement ( Amended Credit Agreement ) which, among other things, (a) extends the maturity date of \$2.5 billion of its dollar-denominated term loans, £40 million of pound sterling-denominated term loans, and 120 million of Euro-denominated term loans from February 2014 to February 28, 2016, (b) reduces existing revolving credit commitments to \$829 million and extends the termination date of \$580 million of revolving credit commitments to May 11, 2013, and (c) amends certain other provisions of the Credit Agreement, including provisions relating to negative covenants and financial covenants.

As of September 30, 2009, the interest rate for the extended term loans, after adjusting for interest rate swaps, was 4.10% and for the unextended term loans, after adjusting for interest rate swaps, was 2.02%. The commitment fee on the daily unused portion of the 2013 and 2011 revolving credit commitments was 0.75% and 0.50%, respectively. The amended credit agreement increased our interest payments obligation from that reported in SunGard's Form 10-K filed in March 2009 and the Form 10-12G/A for SCC and SCCII filed in June 2009 by \$44 million in 2009, \$87 million for 2010-2011, \$86 million for 2012-2013 and \$289 million thereafter.

We expect our cash flows from operations, combined with availability under the revolving credit facility and receivables facility, to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes the next 12 months.

*Covenant Compliance*

Adjusted EBITDA is used to determine compliance with certain covenants contained in the indentures governing the senior notes due 2013 and 2015 and senior subordinated notes due 2015 and in SunGard's senior secured credit facilities. Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and SunGard's senior secured credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants. The breach of covenants in SunGard's senior secured credit facilities that are tied to ratios based on Adjusted EBITDA could result in a default under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under the indentures. Additionally, under SunGard's debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.



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Adjusted EBITDA is calculated as follows (in millions):

|  | Three Months Ended |               | Nine Months Ended |                 | Last Twelve Months |
|--|--------------------|---------------|-------------------|-----------------|--------------------|
|  | September 30,      |               | September 30,     |                 | September 30,      |
|  | 2008               | 2009          | 2008              | 2009            | 2009               |
| Net income (loss)  | \$ (35)            | \$ (40)       | \$ (55)           | \$ (81)         | \$ (268)           |
| Interest expense, net  | 138                | 160           | 420               | 465             | 626                |
| Taxes  | 9                  | (3)           | (9)               | (12)            | 35                 |
| Depreciation and amortization  | 201                | 224           | 568               | 619             | 844                |
| Goodwill impairment charge   |                    |               |                   |                 | 128                |
| <b>EBITDA</b>  | <b>313</b>         | <b>341</b>    | <b>924</b>        | <b>991</b>      | <b>1,365</b>       |
| Purchase accounting adjustments (a)  | 25                 | 5             | 45                | 13              | 23                 |
| Non-cash charges (b)   | 8                  | 8             | 22                | 25              | 39                 |
| Unusual or non-recurring charges (c)   | 9                  | 3             | 17                | 13              | 47                 |
| Acquired EBITDA, net of disposed EBITDA (d)  | 5                  |               | 13                |                 | 1                  |
| Pro forma expense savings related to acquisitions (e)  |                    |               |                   | 1               | 5                  |
| Other (f)  | 7                  | 16            | 31                | 6               | 48                 |
| <b>Adjusted EBITDA – senior secured credit facilities</b>                                      | <b>367</b>         | <b>373</b>    | <b>1,052</b>      | <b>1,049</b>    | <b>1,528</b>       |
| Loss on sale of receivables (g)  | 4                  |               | 13                |                 | 12                 |
| <b>Adjusted EBITDA – senior notes due 2013 and 2015 and senior subordinated notes due 2015</b> | <b>\$ 371</b>      | <b>\$ 373</b> | <b>\$ 1,065</b>   | <b>\$ 1,049</b> | <b>\$ 1,540</b>    |

(a) Purchase accounting adjustments include the adjustment of deferred revenue and lease reserves to fair value at the date of the Transaction and subsequent acquisitions made by the Company and certain acquisition-related compensation expense.



- (b) Non-cash charges include stock-based compensation and loss on the sale of assets.
- (c) Unusual or non-recurring charges include debt refinancing costs, severance and related payroll taxes, and certain other expenses associated with acquisitions made by the Company.
- (d) Acquired EBITDA net of disposed EBITDA reflects the EBITDA impact of businesses that were acquired or disposed of during the period as if the acquisition or disposition occurred at the beginning of the period.
- (e) Pro forma adjustments represent the full-year impact of savings resulting from post-acquisition integration activities.
- (f) Other includes gains or losses related to fluctuation of foreign currency exchange rates,

management fees  
paid to the  
Sponsors and  
franchise and  
similar taxes  
reported in  
operating  
expenses, partially  
offset by interest  
charges relating to  
the off-balance  
sheet accounts  
receivable  
securitization  
facility.

- (g) The loss on sale of  
receivables under  
the off-balance  
sheet accounts  
receivable  
securitization  
facility was added  
back in calculating  
Adjusted EBITDA  
for purposes of the  
indentures  
governing the  
senior notes due  
2013 and 2015 and  
the senior  
subordinated notes  
due 2015 but was  
not added back in  
calculating  
Adjusted EBITDA  
for purposes of the  
senior secured  
credit facilities.

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The covenant requirements and actual ratios for the twelve months ended September 30, 2009 are as follows:

|   | <b>Covenant<br/>Requirements</b> | <b>Actual<br/>Ratios</b> |
|---|----------------------------------|--------------------------|
| <b>Senior secured credit facilities <sup>(1)</sup></b>  |                                  |                          |
| Minimum Adjusted EBITDA to consolidated interest expense ratio  | 1.65x                            | 2.64x                    |
| Maximum total debt to Adjusted EBITDA   | 6.75x                            | 5.02x                    |
| <b>Senior notes due 2013 and senior subordinated notes due 2015 <sup>(2)</sup></b>                            |                                  |                          |
| Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions | 2.00x                            | 2.62x                    |

- (1) The senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.65x for the four-quarter period ended December 31, 2008 and increasing over time to 1.70x by the end of 2009, to 1.80x by the end of 2010 and 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain non-cash or non-recurring interest expense and the elimination of

interest expense and fees associated with SunGard's receivables facility.

Beginning with the four-quarter period ending December 31, 2008, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 6.75x and decreasing over time to 6.25x by the end of 2009 and to 4.75x by the end of 2013.

Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on SunGard's balance sheet in excess of \$50 million.

Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If the lenders failed to waive any such default, the

repayment obligations under the senior secured credit facilities could be accelerated, which would also constitute a default under the indentures.

- (2) Our ability to incur additional debt and make certain restricted payments under the indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of \$5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of

September 30, 2009, we had \$4.73 billion outstanding under the term loan facilities and available commitments of \$808 million under the revolving credit facility), to acquire persons engaged in a similar business that become restricted subsidiaries and to make other investments equal to 6% of SunGard's consolidated assets. Fixed charges is defined in the indentures governing the Senior Notes due 2013 and 2015 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the receivables facility.



**Table of Contents****Certain Risks and Uncertainties**

Certain of the matters we discuss in this Report on Form 10-Q may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, approximately, intends, plans, estimates, or anticipates or similar expressions which concern our strategy, plans and intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Some of the factors that we believe could affect our results include: our high degree of leverage; general economic and market conditions; the condition of the financial services industry, including the effect of any further consolidation among financial services firms; the integration of acquired businesses, the performance of acquired businesses, and the prospects for future acquisitions; the effect of war, terrorism, natural disasters or other catastrophic events; the effect of disruptions to our systems and infrastructure; the timing and magnitude of software sales; the timing and scope of technological advances; customers taking their information availability solutions in-house; the trend in information availability toward solutions utilizing more dedicated resources; the market and credit risks associated with clearing broker operations; the ability to retain and attract customers and key personnel; risks relating to the foreign countries where we transact business; the ability to obtain patent protection and avoid patent-related liabilities in the context of a rapidly developing legal framework for software and business-method patents; and a material weakness in our internal controls. The factors described in this paragraph and other factors that may affect our business or future financial results are discussed in our filings with the Securities and Exchange Commission, including this Form 10-Q. We assume no obligation to update any written or oral forward-looking statement made by us or on our behalf as a result of new information, future events or other factors.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk:**

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, with a substantial portion having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At September 30, 2009, we had total debt of \$8.34 billion, including \$4.99 billion of variable rate debt. We have entered into interest rate swap agreements which fixed the interest rates for \$3.50 billion of our variable rate debt. Swap agreements with a notional value of \$800 million effectively fix our interest rates at 5.00% and expire in February 2011. Swap agreements expiring in February 2010 and 2011 each have a notional value of \$750 million and, effectively, fix our interest rates at 2.71% and 3.17%, respectively. Swap agreements expiring in February 2012 have a notional value of \$1.2 billion and effectively fix our interest rates at 1.78%. Our remaining variable rate debt of \$1.49 billion is subject to changes in underlying interest rates, and, accordingly, our interest payments will fluctuate. During the period when all of our interest rate swap agreements are effective, a 1% change in interest rates would result in a change in interest of approximately \$15 million per year. Upon the expiration of each interest rate swap agreement in February 2010, February 2011 and February 2012, a 1% change in interest rates would result in a change in interest of approximately \$22 million, \$38 million and \$50 million per year, respectively.

**Item 4T. Controls and Procedures:**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Report were effective.

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.





**Table of Contents****Part II Other Information:****Item 1. Legal Proceedings:** None.**Item 1A. Risk Factors:** There have been no material changes to SunGard's Risk Factors as previously disclosed in its Form 10-K for the year ended December 31, 2008. There have been no material changes to SCC's or SCCII's Risk Factors as previously disclosed in their Form 10-12G/A.**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:** None.**Item 3. Defaults Upon Senior Securities:** None.**Item 4. Submission of Matters to Vote of Security Holders:** The stockholders of each of SunGard, SCC and SCCII, approved by written consent dated September 16, 2009, the election of the following persons as directors to serve in such capacity until his or her successor is designated and qualified, or until he or she sooner dies, resigns, is removed or becomes disqualified: Chinh Chu, Cristóbal Conde, John Connaughton, James H. Greene, Jr., Glenn Hutchins, James L. Mann, John Marren, Sanjeev Mehra and Julie Richardson.**Item 5. Other Information:**

(a) None.

(b) None.

**Item 6. Exhibits:**

| Number | Document   |
|--------|--|
| 10.1   | Form of Amendment to the Performance Based Stock Option Award Agreements (incorporated by reference to the Exhibits filed with Schedule TO of SunGard Capital Corp. and SunGard Capital Corp. II, each filed August 13, 2009 (Commission File Nos. 5-84880 and 5-84881, respectively)).          |
| 10.2   | Form of Amendment to the Performance-Based Restricted Stock Unit Award Agreements (incorporated by reference to the Exhibits filed with Schedule TO of SunGard Capital Corp. and SunGard Capital Corp. II, each filed August 13, 2009 (Commission File Nos. 5-84880 and 5-84881, respectively)). |
| 10.3   | Form of Amendment to the Performance-Based Class A Stock Option Award Agreements (incorporated by reference to the Exhibits filed with Schedule TO of SunGard Capital Corp. and SunGard Capital Corp. II, each filed August 13, 2009 (Commission File Nos. 5-84880 and 5-84881, respectively)).  |
| 10.4*  | Forms of 2009 Senior Management Performance-Based Restricted Stock Unit Award Agreements.  |
| 10.5*  | Forms of 2009 Senior Management Performance-Based Class A Stock Option Award Agreements.   |
| 10.6*  | Form of 2009 Senior Management Time-Based Restricted Stock Unit Award Agreement.   |
| 10.7*  | Form of 2009 Senior Management Time-Based Class A Stock Option Award Agreement.  |
| 12.1*  | Computation of Ratio of Earnings to Fixed Charges.   |
| 31.1*  | Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.   |
| 31.2*  | Certification of Michael J. Ruane, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.  |

32.1\* Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.

32.2\* Certification of Michael J. Ruane, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.

\* Filed herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SUNGARD CAPITAL CORP.  
SUNGARD CAPITAL CORP. II**

Dated: November 5, 2009

By: /s/ Michael J. Ruane  
Michael J. Ruane  
Executive Vice President and Chief  
Financial Officer  
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SUNGARD DATA SYSTEMS INC.**

Dated: November 5, 2009

By: /s/ Michael J. Ruane  
Michael J. Ruane  
Senior Vice President-Finance and Chief  
Financial Officer  
(Principal Financial Officer)

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**Exhibit Index**

| Number | Document   |
|--------|--|
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| 10.2   | Form of Amendment to the Performance-Based Restricted Stock Unit Award Agreements (incorporated by reference to the Exhibits filed with Schedule TO of SunGard Capital Corp. and SunGard Capital Corp. II, each filed August 13, 2009 (Commission File Nos. 5-84880 and 5-84881, respectively)). |
| 10.3   | Form of Amendment to the Performance-Based Class A Stock Option Award Agreements (incorporated by reference to the Exhibits filed with Schedule TO of SunGard Capital Corp. and SunGard Capital Corp. II, each filed August 13, 2009 (Commission File Nos. 5-84880 and 5-84881, respectively)).  |
| 10.4*  | Forms of 2009 Senior Management Performance-Based Restricted Stock Unit Award Agreements.  |
| 10.5*  | Forms of 2009 Senior Management Performance-Based Class A Stock Option Award Agreements.   |
| 10.6*  | Form of 2009 Senior Management Time-Based Restricted Stock Unit Award Agreement.   |

\* Filed herewith.